

Extra £2,500m in Budget urged by TUC

Chancellor will be asked by the TUC on Monday to put an extra £2,500m into the economy in his Budget on Tuesday week to avoid threat of severe unemployment. They want £1,000m in increased social payments and £1,500m in investment. The congress will not, however, be able to promise in return action to tighten the social contract.

o pledge on pay pacts

Raymond Perman, TUC Staff Secretary, said the TUC will ask the Chancellor on Monday to put an extra £2,500m into the economy in his Budget on Tuesday week to avoid the threat of heavy unemployment next year, but not be able to offer in any commitment to sign up the social contract's lines on pay claims.

At a meeting of the TUC's economic committee yesterday at which members discussed what they will do next year, but put off for weeks at the TUC's full staff to try to hold down demands.

The TUC is concerned that the social contract that there should be at 12 months between import agreements is being broken frequently. A recent independent survey showed that 75 per cent of the end of the year, the TUC's own survey of wage bargaining showed the same story.

Another lesser cause for concern is the use of the target of a minimum basic wage of £30 a week for higher-paid workers. A document circulated to members of the committee says that the object of the low-pay policy was not to ease the general level of pay but to narrow the difference between poorly paid workers and average earnings.

The social contract does not come support some, it will be some credibility as a means of restraining inflation. The Government is likely to be to the TUC in the near future to do something about way pay claims. Special pay is being expressed over and, where wage demands are extra £10 a week are non.

It is unlikely, however, that the TUC will call for any wage cuts. In asking to reduce the economy the TUC will be pushing against the wind.

It will suggest that economic growth of 1 per cent next year will be too low to prevent unemployment reaching one million next winter. Growth of 2 per cent would also "exacerbate the structural problems of the economy, exacerbate the identity problems of firms, investment, affect living standards and in the long run

maybe make the United Kingdom economy less able to benefit fully from North Sea oil", a TUC document says.

The growth rate needed, the congress believes, is at least 3 per cent, to be achieved by putting £1,500m into the economy by budgetary means, such as increasing child allowances and other social improvements, and by increasing investment by £1,000m.

Investment would be increased by using the Industry Act and the proposed National Enterprise Board, but the TUC would also be prepared to go a small way with the Confederation of British Industry in seeing price controls relaxed. Relaxation would be allowed on condition that it should be temporary, say, for 12 or 18 months, and that increased profits should be used only for investment in plant and machinery for manufacturing industry.

As a safeguard, the TUC will propose that the Price Commission should be given powers to cancel any price increases it sanctions if it finds that companies have not used the extra money for investment.

The economic committee was said to be "saddened and surprised" about premature reports of the secret documents prepared by the TUC's staff that had appeared in newspapers. Mr Len Murray, the TUC general secretary, stayed in his office after the meeting while journalists waited for him to give his usual briefing.

He is concerned about the publicity being given to wage demands apparently in conflict with the social contract. His proposal may be increased next week when the powerful policy-making committee of the engineering union meets to consider its wage claim for next year.

But although leftwingers will press for a big increase it is likely that they will honour their existing agreement until it expires in April.

On the credit side for the social contract is the fact that one million local council manual workers and 220,000 hospital employees are likely to settle soon within its terms. The miners too, despite the uncertainty over their productivity deal, have dropped a demand to get back to November for their annual bargaining date instead of March.



Captain Brian Greenwood with his wife (left) and daughter Julie after the Halcyon the Great berthed at Tilbury yesterday.

Court Line tanker is arrested

By Michael Horsnell

The Halcyon the Great, Court Line's 227,000-ton tanker, which slipped past Canadian police boats at Newfoundland last month at the start of a dash across the Atlantic, was arrested shortly after docking at Tilbury yesterday.

Mr Patrick Gray, the Admiralty Marshal, fixed a writ and notice of arrest to the wheelhouse window. Later Captain Brian Greenwood, aged 45, the ship's master, said "Everything we did in getting away was entirely legal and honourable. My obligation towards my crew is to look after their welfare and wellbeing and since the Court

Line crash the officers and crew have been very concerned about the welfare of their families and about getting the money they had worked for."

He said the crew's wages and his own had now been guaranteed and many of the 51 members of the crew would remain on board until she was sold. Captain Greenwood denied that the boat had sneaked away from the port of Come-by-Chance, Newfoundland, where he had discharged his cargo of oil. He said he had received customs clearance, but there were fears of the imminent arrest of the ship for allegedly not paying a \$300,000 fuel bill together with docking fees.

The writ against the vessel was issued in London in the Admiralty Courts by Bankers Trust International Ltd, who claim to hold three mortgages totalling more than £6m.

The £12m tanker nosed slowly up the Thames yesterday morn-

ing after mooring to a buoy in the estuary on Thursday night. Shortly before 10 am she had docked at Tilbury for degassing and tank cleaning, which are expected to take about 10 days.

Then she will be moved to the repair jetty of the London Docking Company, where she will remain until she is sold. Out of service, her maintenance and other costs amount to £30,000 a day.

Captain Greenwood, who has been master of the ship for six years, said he heard about a personal arrest warrant being taken out against him for unlawfully leaving a berth only when they were two days out of Newfoundland.

"I had been expecting the arrest of the ship at Tilbury," he added. "The Admiralty Marshal's Officer just came up to see me and introduced himself and we had a little private discussion so that he could explain what he was going to do."

Mr Heath to test rule change view

By Geoffrey Smith

Mr Heath has no intention of accepting the deliberations of the Conservative 1972 Committee on Thursday evening as a signal for his departure. His first move is likely to be to consult the chief whip and the officers and executives of the 1972 Committee who will be elected next Thursday in order to satisfy himself whether there is a truly widespread desire within the party for a revision of the rules for electing the leader.

If it confirms that there is such a wish, detailed discussions will take place on what changes should be made. Many Conservative MPs, supporters as well as opponents of Mr Heath, accept that the desire exists.

This could well take some months, because if the electoral college is to be extended beyond Conservative MPs, it may be no simple matter to define with precision the categories to be added. Although it is the practice that the rules are laid down by the leader—the present

arrangements were determined by Sir Alec Douglas-Home while in that position—there would clearly be a wish that any revision should be generally acceptable.

Once this had been settled, there would then presumably be a new election for leader. In his present frame of mind Mr Heath would certainly stand, particularly as there seems to be a belief in his camp that a high proportion of speakers at Thursday's 1972 Committee meeting were carefully selected from among his longstanding critics.

If he did stand again it is most unlikely that Mr Heath would possibly other leading contenders would challenge him. For that reason, a new election could be to Mr Heath's tactical advantage.

At present there are broadly three sectors of opinion within the party: those who want him to stay on indefinitely, perhaps until the next election; those who want him to go but not yet; either because they fear too swift a departure would appear

unseemly or because they think the delay would improve the chances of their own favoured candidate; and those who believe his time is up and the quicker they deed is done the better.

There are reasons why all three groups should wish to see the electoral rules revised. Mr Heath made a forceful speech to 300 West Wales party workers at Llanelli yesterday in which he said Conservative election warnings to voters were already beginning to come true (the Press Association reports).

He said: "We must be a united opposition to fight the Government on its policies, because the policies are wrong and are damaging and dividing the country."

Afterwards Mr Leslie Knipe, chairman of the Conservative Party Welsh Council, said to him: "The nation will turn to you for leadership. I am commanded by the chairman of the majority of the associations in Wales to pledge to you their utmost support."

Donor put £1,500 gift in bank for Mr Wilson

By a Staff Reporter

Two accounts were opened in Mr Wilson's name last year at the London branch of the International Credit Bank of Geneva, an official in the Prime Minister's office, said last night. All accounts at the branch have been temporarily frozen since October 9, when the bank asked the Swiss authorities for permission to declare a moratorium on payments due to creditors.

According to the official, the accounts were opened by a donor who wishes to remain anonymous and were intended solely to help with the running expenses of Mr Wilson's private office at that time, when he was still Leader of the Opposition. A sum of £1,450 was put on deposit and a further £50 in a current account; neither account has been touched.

The donor apparently had chosen the International Credit Bank because he was a close friend of Dr Handler, the managing director. "The choice was not Mr Wilson's", the official said.

There is nothing to prevent any British resident from opening a sterling account with one of the many overseas banks with branches in London. The same exchange control regulations apply as to an account with a British bank and there is no question of the money being freely transferable abroad.

The International Credit Bank was founded in Geneva 15 years ago by Dr Tibor Rosenbaum, who owns 60 per cent of the equity. A further 36.4 per cent was owned until recently by the Hessische Landbank, Göttingen, of Frankfurt, which withdrew last month.

After its request for a moratorium the Swiss Federal Banking Commission asked for an emergency audit of the bank's books.

President Ford finds Mr Nixon 'alert' during hospital visit

From Patrick Brogan

Washington, Nov 1 President Ford today interrupted his political campaigning in the West to visit Mr Nixon in hospital at Long Beach, California. They spent 15 minutes together.

"He was very alert and very interested, but it was very obvious to me that he'd been very, very ill," Mr Ford said as he left. "He showed a great deal of strength. I told him that all our family was praying for his complete and total recovery."

The President said he briefed Mr Nixon in his plans for trips in the near future to Japan, South Korea and the Soviet Union. He said he also informed him about Dr Kissinger's visits to the Soviet Union, India, Pakistan and Afghanistan.

Mr Ford telephoned Mrs Nixon yesterday to ask if he could make the visit, and she told him that she could not think of anything which would do her husband more good. She was at the hospital to greet him today with her daughters, Mrs Julie Eisenhower and Mrs Patricia Cox.

In their bulletin today, Mr Nixon's doctors said that the internal bleeding seemed to have stopped and that his health was improving steadily. They still could not issue a firm prognosis and his condition was still termed "critical", but the doctors seemed more optimistic than they were yesterday.

Washington, Nov 1.—Several prominent American vascular surgeons have expressed surprise at the operation performed on Mr Nixon to prevent blood clots from reaching his heart and lungs.

The implied criticism of the placement of a clamp on a vein in Mr Nixon's left leg drew an angry rebuttal from officials at the Long Beach Memorial Hospital where the surgery was performed.

"I don't think one surgeon in a hundred would do it that way," said Dr John Keshishian of George Washington University medical school here. He

declared that the operation performed on Mr Nixon had been discarded by the profession about 15 years ago.

"If all goes well with the former President, perhaps we'll all be doing it in the future," said Dr Edwin Beven, chief of peripheral vascular surgery at the well-known Cleveland Clinic. "But I've never seen or heard of this before."

What surprised Dr Keshishian, Dr Beven and four other prominent vascular surgeons interviewed by the Washington Star-News, is that Mr Nixon's surgeon, Dr Eldon Hickman, had placed a plastic clip on the iliac vein of his patient's left leg.

They had expected, they said, that the clip or other obstacle would instead have been placed on the inferior vena cava. The iliac vein flows into the inferior vena cava, the major vein returning blood from the lower body to the heart.

Dr Hickman could not be reached for comment. Earlier, however, in an interview with the Chicago Tribune, he refused to explain why he had applied the plastic clip to Mr Nixon's iliac vein instead of the inferior vena cava, saying "Our decision was based on medical considerations, venograms and other diagnostic procedures."

Washington Star-News. Our Medical Correspondent writes: Two operations are commonly performed to prevent blood clots hardening in the bloodstream from the leg to the heart. If only one leg is affected the surgeon may simply block off the main femoral vein at the top of the leg—a relatively nontoxic procedure.

The alternative and more serious operation is directed at the vena cava, the main vein running alongside the spine and carrying blood from both legs and the pelvis.

Mr Nixon's surgeons blocked off one of the iliac veins, which are the main tributaries of the vena cava, but in so doing they seem to have chosen a halfway house between the more usual procedures.

Mr Wilson's rebuke to three ministers a challenge to party, left wing says

By Our Political Staff

There was a vigorous response from the Labour back benches yesterday to the rebuke delivered by the Prime Minister to three ministers, believed to be Mr Benn, Mr Hart and Miss Lester, who had supported a national executive resolution criticizing the Government over the South African naval exercises.

Mr Wilson has demanded assurances that they would not do the same again.

The reaction was strongest from the left wing of the party. Mr Norman Atkinson, a leading member of the Tribune group, said the letters challenged "the very base upon which our party is built."

Some moderates felt that Mr Wilson had been too hard on the three ministers, but others questioned whether his sense of timing was sure in this instance, particularly as the party will in all probability have to be tolerant of the expression of very different opinions on the EEC in the months ahead.

Mr Sidney Bidwell, chairman of the Tribune group, said: "I hope this is not a second dog licence situation over again," referring to Mr Wilson's threat some years ago to deny official support at elections to rebellious members.

Mrs Renée Short made the same point, and both she and Mr Atkinson raised the question of the dual loyalty of ministers who were also members of the national executive.

"At present no fewer than 11 of the 28 members composing the executive are government ministers," Mr Atkinson said. "If the Wilson edict stands and is accepted, then clearly the movement can no longer elect ministers to its executive and still maintain the democratic nature of its extra-parliamentary leadership."

So, he added, for the election of the new executive later this month each nominee would have to be asked whether he accepted or rejected the doc-

trine. Unless there was a withdrawal of the Wilson qualification the matter would have to be voted on by conference. He hoped that the situation would not arise, for it would raise a leadership confrontation of the wrong kind.

Mrs Short said that members of the NEC were elected for a certain purpose. "If that conflicts with ministerial duties is the Prime Minister saying they should not be ministers or not be on the NEC? They have dual responsibilities, which makes it very difficult for them."

Mr Atkinson saw a further question at stake. "In my opinion the real issue behind the controversy is the Labour Party executive's vetoing of the Common Market negotiations. Jim Callaghan personally is now firmly committed to guiding the talks towards keeping Britain in Europe."

Mr Robert Croyer, MP for Keighley, said that the Prime Minister's rebuke was a challenge to the party and the left wing. Continued on page 2, col 3

Tripartite body to study future of Herbert group

A tripartite consultative body comprising Government, management and union representatives is now considering the future of troubled Alfred Herbert Group, one of most important companies in Britain's machine tool industry. Mr Anthony Wedgwood Benn, the Secretary of State for Industry, announced the formation of the body yesterday and said that it would be developing a long-term corporate strategy for the company.

The Government plans to take a stake in the company through the National Enterprise Board and appears to have agreed to underwrite borrowings of £2m. Page 17

Boy loses £15,025

A boy seriously injured when struck by a car lost £15,025 damages in the Court of Appeal. The court found that the car driver had not been negligent in driving 30 mph and failing to sound his horn in a built-up area. The case is going to the House of Lords. Page 14

S bank cuts prime rate

First National City Bank has cut its lending rate by 1 per cent to 10 1/2 per cent, effective Monday. Page 17

Other pages

Pages 15 and 16: South Australia recover after bad start MCC; Boxing: Plans being made to let All away from retirement.

Page 9: Robertson reports on the opening of the Henry Moore Sculpture Centre in Toronto; Page 13: From Dr David Cammell on tied cars; from Mr Tam Dalyell, MP, on the SNP campaign; Mr Wilson and the NEC; NATO and the Defence Review.

Pages 6-12: What it said it would.

Farmer pickets arrested

Mr Wilson has asked for fuller reports on the actions taken by British farmers against imports of Irish beef and cattle, it was disclosed yesterday, after he had met Mr Cosgrave, the Eire Prime Minister. About a thousand protesting farmers clashed with the police at Fishguard harbour, Dyfed, yesterday. Page 2

Ralph Reader, secret agent: Mr Ralph Reader says he has his Gang Shows as a cover while an intelligence agent during the war. Page 2

Strike goes on: Glasgow transport workers yesterday rejected their shop stewards' recommendation on a pay offer and voted to continue their stoppage. Page 3

Education: Sir Keith Joseph gives a warning of a dangerous regression towards substantial illiteracy. Page 3

Greek treason trial: Former President Papadopoulos, his "inner junta" and 36 Army officers are to be prosecuted on charges of high treason for the 1967 military coup. Page 4

Rome: Italian authorities assure public of Army's loyalty after arrest of General Miceli on charges of plotting coup d'etat. Page 4

Algeria: Part Two (10 pages), concluding a Special Report

George Hutchinson: Rex Bellamy sports lights Connors, Borg and Vilas. Page 12

Obituary, page 14: Baroness Marie Budberg. Law Report, page 14.

Business News, pages 17-21: Stock market: medium dated gilts suffered fresh losses yesterday. Equities were quiet. The FT ordinary share index ended 1.0 down at 196.6. Pages 19-21

Personal investment and finance, pages 18 and 19: Nation Life: Policyholders still in the dark. Bonfire Night: Insurance and law for November. 5. Investor's Week: Choosing a gold share.

Action promised this session over pay beds

Action would be taken in this session of Parliament on the phasing out of private pay beds within the National Health Service, Mrs Castle, Secretary of State for Social Services, said in the Commons yesterday.

A joint working party was looking at the future of consultants' contracts in the context of phasing out pay beds.

Dr Derek Stevenson, secretary of the British Medical Association, said yesterday that if Mrs Castle had already made up her mind, as her statement in the Commons suggested, it made a nonsense of the working party discussions.

"This Castle's statement amounts to a unilateral decision before the working party has reported and amounts to a serious threat to the individual's freedom of choice", he said.

Mr Desmond Parris, chairman of the Retail Food Confederation, which represents independent traders, said: "It is still issued, but only on orders up to a certain date, and that date was a long time ago."

Mr Wolfgang Heintz, managing director of the A & O International wholesale group, said that on Thursday an important

Sugar trade believes supply from reserves has ended

By Hugh Clayton

Orders for sugar from government reserves are being refused, trade sources said yesterday. Supplies are being distributed under orders still outstanding, but when this is complete the reserves will be closed. This news came as Mr Parris, Minister of Agriculture, said in a Commons written reply that supplies were adequate for the rest of the year.

Mr Desmond Parris, chairman of the Retail Food Confederation, which represents independent traders, said: "It is still issued, but only on orders up to a certain date, and that date was a long time ago."

Mr Wolfgang Heintz, managing director of the A & O International wholesale group, said that on Thursday an important

wholesaler reported that he had been told by Tate and Lyle that hundredweight bags of ministry reserve sugar were no longer available.

In recent months wholesalers had been in desperate straits and at best received 60 to 70 per cent of their needs, he added.

Tate and Lyle would not comment, but it became clear from sources in the industry that Mr Parris was right. The ministry, which last month said it was still distributing sugar reserves, said yesterday that it could not now discuss reserves.

Mr Parris told Mr Peter Blaker (Con, Blackpool, South) that the total amount of sugar moving into distribution in the year ended September 30 was greater than in the previous 12 months.

Cold comfort for a lonely Britain

By David Wood

Political Editor

"It's damn cold outside the European Economic Community, and in our present parlous position, this is no time for Britain to consider leaving a Christmas club, let alone the Common Market." That warning was delivered by Sir Christopher Soames, Commissioner in charge of external relations, when he addressed the Royal Institute of International Affairs at Chatham House in London yesterday.

Sir Christopher asked to what extent Britain's membership of the EEC was relevant to its ability to pull itself out of the present crisis and redress its sense of purpose.

He said: "My answer is unequivocal. It is highly relevant. Thanks to our membership of the Community, we are part of the leading economic unit of the world, whose members do over 40 per cent of world trade. The Community has the muscle to defend itself and to

defend the rules of world order."

"It is as much in the interest of Britain as of our partners to mobilize all the Community's strength for our collective economic security. And let us not forget that, as a result of the free trade agreements which the Community has with other European countries, taken together with its own customs union, practically 50 per cent of Britain's exports today, including our exports to seven out of our eight best customers, are guaranteed a future of duty-free access."

Against those facts, which were essential for Britain's salvation, the arguments used by those who wished to see Britain out of the Community seemed either petty or irrelevant. The one which had probably the greatest impact on public opinion, namely that Britain's food would be more expensive in than out, "has been upended by events."

"Let me warn you of what will now happen," Sir Christopher said. "Those people who, some for the best and others for the worst motives, would like to see Britain out of Europe, now largely deprived of arguments of a tangible and substantial character, will tend to concentrate their attack to a growing degree on the much more diffuse, nebulous and intangible subject of sovereignty."

"Of course, a unified Europe—a coherent, active, effective Community in world terms—entails taking our decisions in common with our Community partners. Of course it means sharing with them our capacity to act, our capacity to defend our interests, our capacity to work for the sort of world we want to see."

Of course there will be nostalgic jeremiads from those whoanker for the illusory trappings of a national sovereignty that has long lost its substance, for nations our size and as dependent on world order as we are.

"The formal right of Parliament to reverse its decisions is one thing. Our actual power to do so is another. Continued on page 4, col 2

Algeria twenty years on

Today The Times concludes its Special Report on Algeria.

In the twenty years since her revolution, Algeria has become not only one of the most developed of the African nations, but has also extended her influence throughout the Mediterranean.

The second half of the Special Report in today's Times discusses the environmental and socio-economic problems still facing Algeria despite her rapid growth in recent years.

How is the socialist government redressing the imbalance between the super-rich and the very poor? What are Algeria's foreign policies regarding her two main exports, gas and oil?

This important Special Report discusses these questions and many other aspects of present day Algeria.

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Mr Brown insists he is not liberal. And indeed Mr Flood catches some of the flavor when he accuses his opponent of sounding like an amalgam of Hoover, Roosevelt, Joe McCarthy and George Wallace. In truth, Mr Brown is his own

PARLIAMENT, November 1, 1974

Mrs Castle promises action this session to phase out private pay beds from health service hospitals

HOUSE OF COMMONS

MRS CASTLE, Secretary of State for Social Services (Lab.), said that, as the Health Service Commissioning Agency was set up, the Government's policy was to phase out private pay beds from health service hospitals. She said that, as the Health Service Commissioning Agency was set up, the Government's policy was to phase out private pay beds from health service hospitals.

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control to unmarried or otherwise single-parent households. The Government would be introducing their invalid care allowance, designed to help those who were not disabled themselves but had to stay at home to look after a disabled relative. They would be proceeding towards their mobility allowance, which they would begin to phase in next year on a pilot basis.

A crucial part of their developing plan for reducing the role of means testing in society was their long-term pension proposals. The whole House wanted to find a way of taking pensions out of politics. By their discussions they might be able to forge lasting legislation that would at last achieve this aim.

There is a core of principle in our proposals she said, on what the Government cannot compromise—such things as the earnings-related basis of benefits, equal treatment of women, reliance on final salary schemes in the contracting-out proposals—but in the White Paper and in the consultative document we have laid out a range of matters we are specifically leaving open for consultation.

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Stationery Departments

Wrong approach—Sir G Howe

MR GEOFFREY HOWE, Opposition spokesman on social services (Surrey, C), said the tragedy of social services was that it was often well-intentioned, but too often it was divisive because it was based on envy (Labour pros.). All too often it was ineffective because it was not able to assess the proper order of priorities.

commit to Bristol. There was uncertainty among social workers about their role and breakdown in respect of the system. The Government had not shown a sense of priority.

either greater intervention in the affairs of building societies or alternative forms of private ownership. The most urgent need was for an inquiry into the whole system by which money was lent to house building.

Indonesian navy negotiates for British ships

MR FRANK ALLAN (Salford, East, Lab.) asked the Secretary of State for Foreign and Commonwealth Affairs how many warships he intends to permit to be sold to the Government of Indonesia; whether an order has been placed; and where the ships are to be built.

of State, in a written reply, said: "The Indonesian Navy invited tenders from British firms for the supply of four corvettes. Negotiations are still in train; if a British shipbuilder is successful in securing a firm contract, it is the Government's intention to let this order go ahead."

venile crime

it was time for Mrs Castle and her department to take more seriously the growing public concern at the volume of juvenile crime and the absence of any firm for appraising and improving the position.

MR CROUCH (Camberley, C) said he was a member of a regional health authority. He challenged the theory that management and democratic representation should be the answer to the extent that Mrs Castle was suggesting it would greatly weaken the efficiency of the NHS.

MR WATKINSON (West Gloucestershire, Lab.), in a maiden speech, said that was a grave national housing crisis. Britain was spending proportionately less on housing than most other countries.

iron hand needed at Home Office

MR CORRIE (Bournemouth, Lab.) said that in the last 12 months there had been a collapse of the moral principles Britain had enjoyed for centuries. No longer could British people boast proudly that they could wear their coats unarmed and unmolested at night. The British were becoming a sick society, he said, and it was time to punish the wicked and malicious in order to deter others.

MR THOMAS WILLIAMS (Warrington, Lab.) said that public and private housing was scandalously inefficient. Governments had been content to go along with well-worn but well-worn plans when dealing with housing. There had been a paralysis of imagination.

MR LUCAS (Shoreham, C) said there were nearly nine million retired people in this country, something like one-sixth of the population. Many people spent up to a third of their life in retirement. Some enjoyed the twilight years; others passed them in misery.

They're twice as good together.

This month's issues of Living and Family Circle promise a Novemberful of interesting articles and ideas.

Living has ideas to improve your bathroom, tasty ways to be a pennywise cook-plus lots of fashion flair!

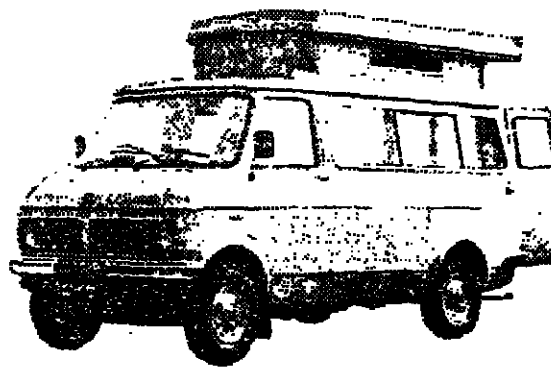
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And there's a fabulous bargain offer you mustn't miss. Win a Bedford Auto-Sleeper motor caravan!

Family Circle's great competition about slimming has prizes worth over £3,000! From a luxurious motor caravan—to a week for six on the Norfolk Broads!



Get November's Family Circle and Living. At your local foodstore—now!

Peter Fleming's Brazilian Adventure

by Duff Hart-Davis

In 1932 Peter Fleming was 25. After a brilliant academic career at Eton and Oxford (where he got a First in English) he was working as Literary Editor of *The Spectator*; but he was looking for adventure. This is the story of the first of the journeys that made him famous.

In 1932 *The Times* carried nothing so mundane as news on its front page; the paper's face was given entirely to advertisements, and of these by far the most celebrated was the collection of personal wants, offers and *cris de coeur* known as the Agony Column. As Peter often remarked, he made a practice of reading the Agony Column first, greatly preferring its stimulating eccentricities to the stodgy fare of the editorial pages; and one morning in April his eye was taken by an announcement just far-fetched enough to appeal to him:

Exploring and sporting expedition, under experienced guidance, leaving England June to explore rivers Central Brazil, if possible ascertain the Col. Fawcett's whereabouts; game, big and small; exceptional fishing; room two men; guns; highest references expected and given.—Write Box X, *The Times*, E.C.4.

Within a few days he had signed on; but the advertisement cannot have attracted many suitable answers, for Peter himself at once began searching a friend to fill the second vacancy—mostly by the simple expedient of going up to people in the street, or wherever he chanced to see them, and saying: "Come to Brazil." It was thus that he enrolled Roger Pettward, a tall, gangling, red-haired artist, with a drawl nearly as pronounced as his own.

Pettward joined as a surveyor—a capacity in which he had already done some work. With him on the strength of Peter felt considerably encouraged, for until then he had not been greatly impressed by the team's professional qualifications. The organizer was Robert Churchward, who had (according to Peter) "the most tremendous difficulty in distinguishing between the real and the ideal." The other members were Norman Skiffington-Smyth (another surveyor), Arthur Humphreys (a mechanic), and two who could lay claim to no title save the general one of "explorer"—Hunt Mackenzie and Neville Priestley. Neville was the only other whom Peter already knew—a third Old Etonian, big, blond and ebullient, who had in fact done more exploring than the rest of them put together; on this occasion he already had plans for collecting animals for zoos from South America, and he travelled out to Brazil on his own. Each member of the expedition except Churchward (whose financial contribution was said to be already "considerable") paid £400 into a central fund; and although Churchward was the official leader, he would, he said, be assisted in Brazil by one Captain J. G. Holman, a British resident of São Paulo with allegedly unsurpassed experience of the interior.

Churchward, though disorganized, was by no means unaware of the value of good publicity, and he approached Robin Barrington-Ward, who was then an assistant editor on *The Times*. As a result Peter was appointed the paper's Special Correspondent (unpaid) covering the British Matto Grosso Expedition—the first of many occasions on which he travelled as a special representative of *Printing House Square*.

The plan, such as it was, ran as follows: from Rio they would go up-country by road and rail, via São Paulo, to a small town called Leopoldina. There they would embark on the Araguaia, an immense river that flows almost due north for 1,500 miles until it debouches into the delta of the Amazon. Having descended the Araguaia for some 300 miles, they would turn left (south-west) up one of its tributaries, the Rio das Mortes, establish a base-camp on its headwaters, and from there make an overland trek into the area where Fawcett was thought to have disappeared.

Several such areas suggested themselves, for many different accounts of Fawcett's demise had been put forward; but the one they chose was the area pointed by a former officer of the Royal Navy, George Dyott, who had led a well-equipped American search for Fawcett in 1928 and had, he thought, come within a few days' march of the spot on which the colonel, his son Jack and their young companion had been massacred by Indians.

In the middle of making his preparations Peter signed a contract for a book with Jonathan Cape. Cape, with characteristic caution, offered no advance until such time as the manuscript should be com-

plete; then Peter would get £150, with a further £150 to follow when the book was published.

Peter's preparations were, as he himself said, "grotesquely unprofessional, to put it mildly", as were those of the rest of the party. All the same, an article by him setting out the expedition's objectives, which *The Times* published on June 7th, gave the whole project a spurious importance, and it was with the highest hopes that he went to Tilbury on June 18th 1932 and embarked on the SS *Andalusia Star*: the start of a venture for which, as he himself later put it, "Roger, Baggard might have written the plot and Conrad designed the scenery".

The voyage to Rio bored him, but as they drew close to South America he wrote in high spirits to his friend Rupert Hart-Davis: "This voyage is said by some to be nearing its end. As for me, I have lost all count of time. So has the Royal Geographical Society's patent, air-tight, unbreakable, snake-proof compass, on which the whole of our surveying depends. Guaranteed never to swerve in its loyalty to Greenwich by so much as a second-hand's back one hour and fifty minutes into the past. . . . Pettward and I have tried boiling it, dashing it against the bulkhead, kicking it along the deck, holding it up so that it can see the flying fish, putting it in Coventry, singing obscenities at it, dipping it in gin, not dipping it in gin, leading it to a Brazilian political exile, shouting at it, jumping on it from behind bulkheads, and praying for it. But it is no good. None of the orthodox remedies seem to work."

They reached Rio at sunset on the evening of July 3rd, to be met by a rush of photographers and by their leader, whom Peter described as "a tall, thin man of about forty, with a ragged moustache and phenomenally small ears", with "something of the camel in his gait" and "short, mouse-coloured hair". His appearance, he said, was "in no sense attractive". Their aim was to leave at once for São Paulo, but in this they were frustrated by the customs officers, who argued about the expedition's baggage for six days—a dispute caused largely by the prodigious number of weapons, from sawn-off shotguns to revolvers, that had been considered necessary for survival. (Fortunately the large consignment of tear-gas bombs had been thrown overboard shortly before they reached Rio; otherwise the delay would certainly have been even greater.)

The wait, naturally, irked Peter, but it also gave him a chance to observe Captain Holman at close quarters, and he was not much taken with what he saw; for Holman, although good at dealing with the Brazilian bureaucrats, proved disconcertingly evasive when it came to disclosing details of what the expedition was going to do.

It was thus in an atmosphere charged equally with hope and suspicion that the expedition eventually started up-country. At the first stop, in São Paulo, they were joined by Neville Priestley and he, Peter and Roger Pettward formed a natural trio who clung together ever tighter as the enterprise gradually accelerated towards fiasco and disintegration.

In São Paulo they were overtaken by a revolution, which threw the railways into chaos and halted the expedition for another five days. At last, however, they set out on the night train to Ribeirão Preto, and thence they travelled by road, in a series of convulsive spurts and stops, via Uberaba and Goyaz to Leopoldina, the point at which they were to embark on the Araguaia. Their progress was much hampered by revolutionary activities and suspicions; at least once they were assumed, because of the weight of their armament, to be the spearhead of some political force.

At last, after apparently interminable delays, the expedition got moving properly. Two decrepit cars and a lorry were procured, and the party covered the last 130 miles to Leopoldina in a single day of ferocious discomfort. They reached the place as the sun was setting, and as they drove round the final corner came suddenly on the great river—a moment which Peter never forgot:

The Araguaia was there, in front of us and beyond it was a radiating sky. The trampled open ground on which the twenty houses of the village stood ended abruptly at the lip of a perpendicular bluff. Beyond that, and forty feet below it, was the river: a river half a mile wide and more; a river so big, so long expected, and so phenomenal in every way that it seemed hardly possible to have come on it so suddenly. A river fired and bloody in the

sunset; a river that we loved instantly and learnt at last to hate. We gaped at this river. There was exhalation in the air. It ran slowly but strongly, making no sound at all. The trees on the farther bank stood up, a dark plumed horde. We beheld for the first time, and in the most appropriate of circumstances, the frontiers of Matto Grosso.

Next morning they ferried all their stores and equipment by canoe across to a *praia*, or sandbank, in the middle of the river, where they slept that night on hammocks. At noon next day, July 30th, accompanied by a motley crew seven strong, part Indian and part Brazilian, they set off downstream in a convoy of four boats—two *bataloes* (capacious clinker-built craft some thirty feet long), one smaller clinker-built vessel, and a dug-out canoe.

For three weeks they glided down the Araguaia, establishing a daily routine that became as familiar as if they had known it all their lives.

They slept on the sand of the *praias*, woke before dawn, had a cup of coffee, went off into the jungle to shoot for the pot any bird or small deer that might present itself, and returned at the call of a tin trumpet to breakfast of rice and black beans sprinkled with *farinha*—coarse flour made from the mandioca root, which Peter described as "tasting 'like a disheartened potato'".

After breakfast they packed and pushed off. The crews kept the boats close to the banks, and a good deal of shooting was to be had during every voyage, particularly for the men in the leading boat. Their choice of targets was regrettably catholic: almost every creature they spotted—be it fish, reptile, mammal or bird—drew fire.

At about noon they would stop for a meal of *farinha* and water mixed with *rapadura*, a toffee-like product of the sugar cane which was manufactured and sold in rectangular blocks. After this sickly snack they went on again, paddling with the current through the afternoon until at about four they began looking for a suitable *praia* on which to spend the night. One found, they landed, and pitched camp. It was a very arduous undertaking, since all they had to do was to scoop shallow holes in the sand in which to sleep. Then, while the Indians cooked supper, Peter and Roger would take to the jungle in search of game and exercise.

During this stage of the journey Peter and Roger perfected a system of communication that was at the same time both practical and absurd. To both members of the expedition it seemed tremendously novel, but anyone who has been in the jungle would have realized that it was merely an extension of the jargon which he used anyway with his close friends, and that it served a similar purpose. Just as in ordinary life he used stock expressions to avoid emotional involvement, here in the jungle he resorted to parody in order to preserve some kind of detachment and sense of proportion. "Much of what we saw and did was clearly too good to be true," he wrote afterwards:

In self-defence—in instinctive pursuit of the policy of *admirari* which is the joint product of repression, sophistication and all the hot air one hears one must resort to parody. If Indians approached us, we referred to them as the Oncoming Savages. We never said "Was that a shot?" but always "Was the well-known bark of a Mauser?" All insects of harmless nature and ridiculous appearance we pointed out to each other as creatures whose slightest glance spelt Death. Any bird larger than a thrush we credited with the ability to "break a man's arm with a single blow of its powerful wings." We spoke of water always as the "Precious Fluid." We referred to ourselves not as eating meals, but as doing "Ample Justice to a Frugal Repast." To anyone who did not think it as funny as we did it must have been an intolerably tiresome kind of joke. But it made us laugh, and thus served its purpose. It became an important feature in that private code of nonsense which was our defence against hostile circumstance.

Laugh as they might, they became increasingly worried about what was going to happen when they reached the Tapirapé, the tributary which they had decided to explore. Captain Holman—"bland, irrelevant and enigmatic", as Peter described him—sidestepped all their questions and refused to discuss what he proposed to do.

They found out soon enough. When they reached the Island of Bananal, at the point where the Araguaia is joined by the Tapirapé, Holman came into the open and announced that he had no intention of proceeding up the smaller river.

At once the expedition was

divided, Peter, fired by his natural sense of duty and by his obligations to *The Times*, emerged as the leader of the faction in favour of pushing on, which consisted (predictably enough) of himself, Roger and Neville Priestley. The rest were content to follow whatever lead Holman gave them. Tense, sarcastic arguments broke out.

Under pressure, Holman agreed to make a quick journey up the Tapirapé, but not to undertake an overland trek. At this Holman badly. He became very angry; and when, nevertheless, the expedition did start up the Tapirapé, the atmosphere was highly charged.

After one night in the jungle, to Peter's unbounded elation Holman suddenly announced that he himself was turning back; the rest, he said, could go on if they wanted, and he would await their return at Bananal. He disappeared downstream with one of the Indians in the smallest canoe. "We", wrote Peter, "went the other way, suppressing with difficulty a tendency to break into wild song. From the ashes of our first camp on the Tapirapé a thin plume of smoke rose towards the laced branches, like the most delicate of exclamation marks."

Shorn of its vacillating figurehead, the expedition made (by its own standards) startling progress, reaching São Domingo, the port of the Tapirapé Indians, in five days, instead of the six which it had expected. Their plan was to split into two parties: one would continue up the river, mapping it as far as they could go; the other, consisting of Peter, Roger, Neville and two Indians, would march across country to a village where they knew they could contact the Tapirapés, and there hire guides for the trek towards the Fawcett country away to the south-west.

The river party left as planned, but the land party had scarcely set out when they met four naked brown figures coming the opposite way—the advance guard of the entire Tapirapé tribe, which was on its way down to the river. Back at São Domingo, the white men distributed presents—necklaces, mirrors, knives, forks, toys, tobacco, empty tins, brass cartridge-cases and lengths of black-and-red typewriter-ribbon—and after considerable problems of communication secured the services of the tribe's two "captains" as guides for a journey lasting an unspecified number of days to the south-west.

Although he was greatly taken with the Tapirapés as a people, much appreciating their sense of humour, Peter had no great hopes of the two chiefs, who appeared shifty, irresponsible, and (worst of all) utterly ignorant about the country for which they would be heading. Nevertheless, he decided to start next day at dawn.

That night he wrote several letters. In one, to Holman, he, Roger and Neville formally resigned from the expedition. In another, to Barrington-Ward at *The Times*, he explained why the party had broken up, and described his predicament with characteristic understatement. In fact he was neither "fairly well equipped" nor "exceptionally well accompanied"; indeed, these statements were gross exaggerations. He and his two fellow Old Etonians were alone in the middle of one of the biggest countries in the world, and six weeks at least by water from Belém, the nearest point at which they could expect to get help; their capital amounted to £5; they had very little food and practically no equipment; they could scarcely communicate with the natives, and the Indians for whose territory they were aiming were reputed to be hostile.

Yet in all this Peter found cause for elation. The days that followed were days of fierce physical strain, of considerable exploration and risk, of real exploration—the best days, Peter said later, that he had ever known. Off they went—three white men and three Indians—all heavily laden, marching on compass-bearings across the

campo, or grassy, tree-studded, open country away from the river. The first day they covered some 15 miles, but by the evening it was clear that the Indians were lost, and the day ended in a frantic search for water, which they found just before darkness caught them. Peter was not surprised when a hunted miles of the place where Fawcett met his death, and the distance may have been considerably less if he made good progress on those days when the Kalapalos were watching his fires. Provided the rains held off, we could very easily have kept going for two or three days until we ran completely out of food. But we should have had a very bad time of it on the way back, and I hardly think we should have done much good. If one of us had gone lame, or if anything had happened to the 22, it is improbable that we should have got out at all."

The quest was dead; but the journey was far from over. Having returned safely to São Domingo, they discovered that through a misunderstanding all their vital stores—food, blankets, mosquito-nets—which they had left in a cache had been taken on down-river. Even Peter, who consistently played down any discomforts they suffered, afterwards admitted that by then they were in a bad state:

By day we went naked, for it was very hot and we were always having to jump overboard and drag the boat. But at night we put on all our clothes against the cold and bandaged the rents in them against the mosquitoes. Neither of these precautions was very efficacious; we would have given anything in the world for a couple of blankets and few feet of gauze. . . . We had very little food, and we felt terribly hungry. Even something with fat in it, the rice, of which we had a certain amount, left us bloated but unsatisfied. However, we were lucky with the game, necessarily lending a phenomenal accuracy to our aim. I do not remember that we were conscious of any strain, but I think that perhaps we were more tired than we knew.

Back at the mission station on Bananal, there occurred the long-awaited confrontation with Captain Holman. Having been struck for three weeks in that dreary place, he was exceedingly angry, and with a few last acrimonious exchanges the expedition finally disintegrated. It was the fact that Holman had seized all his letters that really annoyed Peter, and as Holman drew away in his *bataloa*, taking with him the only two members of the party who remained loyal, Peter waded out to the boat and demanded the return of the correspondence for the last time. Holman refused again, and, as Peter wrote later, "there was very nearly an ugly scene. Very nearly, but not quite. That far-seeing man, we discovered, had borrowed our revolvers. The flagship of the expedition dropped downstream, the target of invective only."

There followed a tremendous race: a marathon over more than a thousand miles of the Araguaia to Belém, on the coast. This Peter and his truant colleagues eventually won—after a voyage which in itself was another epic of privation and endurance by no more than a few hours.

Back in London after four months' absence he discharged his obligations to *The Times* by means of two long articles, the first accompanied by a whole page of his photographs; but this was a perfunctory account of what had taken place—non-committal and almost humourless—and gave no hint of the fireworks that he was about to produce.

When Jonathan Cape wrote in the middle of December inquiring about progress with his book, he replied in typically self-deprecating terms: "The book is getting on terribly slowly. I am afraid it is going to turn out to be very paltry stuff; but perhaps it isn't as bad as I think." In fact he must have been working at enormous speed, for he finished a typescript of some 120,000 words in little more than two months.

In writing it he had one great difficulty: that of adequately portraying the foolishness and honesty of Captain Holman. Had he made a direct attack, Holman would surely have sued him for libel or defamation; and yet, if Peter failed to show the man up for the scoundrel that he had proved, he would be unable to explain why the expedition had broken up in the way it did.

He solved the problem by a brilliant stroke: he saw Hol-

man, in any case, as a split personality, and instead of portraying him as one person, he showed him as two. The sensible, efficient long-term resident of São Paulo, the organizer of the expedition, up-country through the chaos of revolution—he described as Captain J. Holman; but the boastful, egotistic and cowardly poseur, whose presence ultimately proved disastrous to the expedition's chances of achieving any success—this man he described as Major George Lewy Fleming.

Only once, right at the beginning, when he first introduced Major Pingle, did Peter hint at the device which he had adopted. "That is not name", he wrote. "You regard him as an imagination, if you like. He is longer quite real to me." The after he treated him as a person, merely substituting "Major Pingle" for "Holman" whenever the man's behaviour became unwarrantably idiotic. So cunningly did he fashion his story that ninety-nine per cent out of a hundred would read without realizing what he had done; but somebody exceptionally observant might notice a Holman—supposedly in charge of the whole enterprise—gradually fades from the picture as the expedition approaches Araguaia, and, once it is embarked on the rivers, he appears again. The device served its purpose admirably: it enabled Cape's solicitor to pass the text for publication. *Brazilian Adventure* was published in August, 1933, and greeted by rapturous reviews in the *Daily Express*, must enthrall everybody.

"This is an extraordinary good book," wrote Sir J. Squire in *The Sunday Times*. The *New Statesman* David C. net was equally enthusiastic: "Mr Fleming has the most. lightful sense of humour and

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Clive Barnes/New York Notebook

A tale of two city operas

New York is a musical town. I am not quite sure how well we compare in frenzy of musical activity with London—about jolly, I should have thought, though the BBC summer series may give London the edge—but certainly no other in the world compares with New York's bubble and squeak in sheer number of performances we have slightly more in New York than there is in London. This is because the Metropolitan Opera House, during its season, offers seven opera performances a week—compared with Covent Garden's two and a half—and the New York City Opera, in a slightly off-season, offers eight a week in comparison with the London Coliseum's seven. I have not checked it out, but I am fairly sure that the size of a repertoire is also larger in New York. This is nothing to do with quality—perhaps such oligate variety is the strength of the London Coliseum—but a visitor spending seven days in New York during the right season could be sure of nine different operas. In London during the same period he would perhaps be lucky to find five without repetition.

The Metropolitan Opera House is one of the most abused institutions in the United States. To have more than a few good words to say for it is to demonstrate yourself in New York to be culturally sincere, underprivileged, or, more simply, stupid. But it remains, by the peeling skin of tortured teeth, one of the ally great operatic enterprises the world. Yes it does lack something in artistic thrust, and usually its standards—improvement of late—can be sloppy. Musical preparation is not ways as thorough as one might hope for, and the rejection of a Stagnone system (one or two operas given with the same cast over a short period of time) adds to too many cast changes, especially in standard operas.

The Met is in very serious financial trouble. A key member of its board of directors put to me at lunch the other day: The crisis is with us. I am not sure whether it is two minutes before midnight, or

two minutes after. This is perhaps primarily a crisis of funding—the stock market has put private money and the great public foundations in danger. Other factors are also involved. On one simple level the government, which at one time either turned a blind eye or at least a tolerant one, on the earnings of foreign singers, has now apparently become niggardish in its income tax demands. A tough income policy could, in the course of a year or so, make the United States a non-country for most of the star international singers. But it is not just money that is a worry for the Met—there is also the small matter of art.

Sir Rudolf Bing—who ruled the Met with an iron elbow for two decades—may have had his limitations, but they are subsiding in retrospect. He was a great fund-raiser. He knew how to work with a board, and more importantly, to get a board to work for him. His artistic judgment was questionable, and he seemed indifferent to conductors and was no infallible judge of a singer. But he tried to make artistic decisions for which he had no real capacity. But he had a good staff and he got things done.

His successor should have been Goran Gentele, formerly of the Royal Swedish Opera, who was killed in a motor accident before properly taking up the appointment. His eventual successor was an American whom Gentele had appointed his principal aide, Schuyler G. Chapin. Chapin's two main assistants are James Levine, his inexperienced but very talented principal conductor, and John Dexter, a director of productions who has so far not worked much in opera but has considerable ongoing interests in the London and New York theatrical scene.

Mr Chapin, in contrast to Sir Rudolf perhaps, is an open minded man, and very much liked. There are people around the Met who are expressing grave doubts about his administrative capabilities. He is working in a hard time, and the undeniable fact that such doubts are being expressed are as serious for the Met's future as the uncertain possibility that they might be justified. In the

present climate it is more important for Mr Chapin to look good than to be good—even comparative failure can succeed if it looks like inordinate success.

There is one interesting thing about the Met. The present season is the best-planned and most adventurous we have had in the decade I have lived in New York. A serious start has been made to raise the standards of staging and conducting to that of the level of the singing—which in basic, raw, exquisitely produced debacles has always held its own with anything else in the world. But there is a credibility gap. The Met is an establishment Aunt Sally of New York, like The New York Times, City Hall and the Brooklyn bridge.

The first major revival of the season was Alban Berg's *Wozzeck*, which had not been around for five or six seasons. It was performed—mistakenly I think—in English, with the old Caspar Neher settings and costumes. Peter Glossop was the *Wozzeck*, very open and stupid, and very interesting. I always remember Marko Rothmüller in this at Covent Garden—I can even recall the actual pain of his ugly, fractured English and bull voice struggling with the agony of the orchestra. And the orchestra was Erich Kleiber. Here it was not Kleiber but James Levine, who did conduct with some of the right dramatic gestures, bringing out dangerous frights and scares of orchestral statement. Goodbye.

The first new production, no stranger to British readers, proved a disappointment to me. It was Benjamin Britten's *Death in Venice*, and in my book it was also death in New York. A clumsy libretto is combined with an overbearing score and a ballet that merely stresses the physical and homosexual aspects of the original Thomas Mann novella. In the leading roles Peter Pears was gallant and John Shirley Quirk incomprehensible. Bryan Pitts, who danced Tadzio, was very pretty—even prettier than John Piper's atmosphere-swept settings. The opera appears not to have been all that well received critically in New York, but it was clearly an important premiere we had a right to have.

I have talked more about the Met than I mean to. Our musical life has other points of departure. The New York City Opera is a beautiful institution, and its director and chief conductor, Julius Rudel, is a wise and clever man who should perhaps be leading the Met. But perhaps he wants the City Opera—and why not? He is doing a fine job. The temptation is to compare City Opera with the English national opera, but that would be glib and misleading. For one thing, City Opera normally uses original language, and seems to have things at a certain comparative position with the Met, by which it is an alternative rather than a complement. That is not good.

Like most musically-inclined New Yorkers, I am a partisan fan of the City Opera. However, although I see that Rudel does wonders with his possibilities, this is opera of a different kind, and purpose from that at the Met. Although people rarely wish to put it on the line precisely, the same usually forgotten fact is true of Covent Garden and the London Coliseum.

This season the City Opera has given us two new productions, *Manon Lescaut* and *Die Fledermaus*. I find I like Puccini's *Manon* for what it nudges me about the composer's future. That is not quite true. Those still thin essences of melody do have a charm. And how could you fail to love a whole team of exploratory librettists who found a desert just outside New Orleans. Nowadays you can find a desert outside New Jersey, so a pox on naturalism. I was less happy about the production.

Musical New York is very happy about the soprano Maralin Niska, who sings at the City Opera and at the Met. This production of *Manon Lescaut* was intended for her. She is good-looking, has a strong command of the stage, but her voice is sparsely used and ungenerous. It lacks something in colour, shape and image. The tenor, Michele Molese, seemed enfeebled (he used to be better) and the only really memorable performance came from Spiro Malas as Geronte—who was given a director's bum's rush in

the third act where Geronte was gratuitously made to look a fool.

Almost the most interesting thing about *Die Fledermaus* is that it is given in English. Why? Remember the Met's *Wozzeck*, also a rare English-speaking bird. The morality of such procedures is peculiar. Is Johann Strauss so much less than Mozart—so that his humour can be translated for the working man? Is the importance of Berg's score really in its Buchner drama? Why are some operas in English and some in the original language? Especially when the choice is not policy but attitude.

I must say I did not adore *Die Fledermaus*, and an undressed *Fledermaus* turns into a bat. Yet generally speaking you get very honest and constructively dramatic opera from this company. I am desperately trying to see the company's production of Delius's *A Village Romeo and Juliet*, which is the talk of the media in town, but somehow, so far, the circumstances of my schedule have conspired against me.

Circumstances do not conspire against my visits to another pillar of the New York musical establishment, the New York Philharmonic. In its regular series this gives Friday matinees, and what do you do on a Friday afternoon if you have seen all the movies, are bored with conversation, lack a book, and have an understandable disinclination towards work?

The New York Philharmonic is Pierre Boulez, and he is almost the most unexpected visitor to the United States since Christopher Columbus. Mr Boulez is a gas. He has transmogrified the subscription programmes of the New York Philharmonic, and most people seem to pretend it is not happening. My Friday afternoons—which are the only performances I can get to—tend to be attended by obviously conservative females who are ruffled by both Mr Boulez's programming, which is neither obscure nor popular, and his platform manner, which takes a lack of charisma to an almost charismatic level. I love the way Mr Boulez looks at his scores, and the way he has a clearly defined mixture of disdain and compassion.

Red wines for Christmas meals should be bought now, both to save time and to allow those with any deposit to rest. They should be immediately enjoyable, with a sufficiently robust style to partner the assorted and assertive flavours of turkey, goose and duck with stuffings and sauces, big joints and possibly game, therefore I would suggest wines with pronounced fruit and sufficient acidity or tannin to counteract too much richness.

If you are a traditionalist, then any 1962 claret that can still be found will be delicious. Otherwise try the 1967 bigger growths or the smaller-scale 1966s such as the 1966 Ch. Lanessan, Haut Medoc (£3.07 from André Simon, 14 Davies St. W. and branches). The 1969 red burgundies, especially those from the south of the region, are also showing very well now. Laytons (11 Gough Square, EC4) who have their own establishment in Santenay, offer a wide range of excellent examples. André Simon also has the Savigny-lès-Beaune, Les Serpentières, of Louis Ecard Guyot (£2.10).

The red wines of the Loire offer excellent value and a freshness that is good against fat foods and unctuous sauces. Those of Chinon, Bourgueil and St Nicolas de Bourgueil are widely listed and of good value. Including 1973 Chinon, French-bottled by Lambert, is stocked by Adams of Southwold (£1.23); with its marked crispness it would be excellent with duck, goose or pork.

The solid red wines of the Rhine should never be heavy or far and they are now available in a variety from different regions. They please most British drinkers, especially with British food. O. W. Loeb (15 Jermyn St, SW1) who represent Paul Joubert Aîné, owned by a producer of aristocratic Rhine wines, have a range starting at about £1.50; Crozes Hermitage, Domaine de Thabalter of the outstanding 1972 vintage (£1.82) is profound, must be decanted several hours ahead of time and possesses details of nobility and finesse to please any lover of classic wine. Adams have a very charming 1970 Lirac, Domaine de la Genestière, domaine-bottled (£1.45) and a more substantial but still "fin" 1970 Gigondas, Cave des Vignerons, French bottled (£1.68).

Two good 1971s from Châteauneuf-du-Pape are Clos St Pierre and Château Maucoil, both domaine-bottled by Quoit and shipped by Lebeque. The Maucoil has weight and the St Pierre charm—and you could even serve both together (£26 and £27.50 the case respectively, from Cameron French, 34 Old Brompton Rd, SW7).

From even farther south, there is a 1971 Bando, Domaine Tempier, from Genesieve Wine Cellars, 167 Caledonian Road, N1. The proprietor, Lucien Peyraud, who has bottled it himself, believes that this is the finest wine he has ever made—it is profound and velvety, but with subtlety and decanted an hour before you drink it, will astonish and please very much. The grape used is the Mourvèdre, the single bottle price £2.02. Two other wines that may be novelties and are certainly bargains are the Hungarian Cabernet, shipped by F. & E. May (£1.19 from Harrods); this is a fine firm wine, with true Cabernet bouquet and character. From South Africa, the KWV Roodberg is another wine made from the great Cabernet, but totally different, a little earthier and perhaps more open in texture—very good with rich game dishes (£10.26 the case or £5.65 the half case, including delivery, from SAWFA House, 22-23 Great Tower St, EC3). These good red Cape wines are now much in demand in their homeland, so supplies here are sometimes restricted. Italian reds are still good buys for family occasions. Two Melini Chianti, both Classico, that I have enjoyed were the Granale, very fruity and with an excellent finish, and La Selvenella, lighter in appearance and very fascinating especially as regards its aftertaste. Both £2.15 from Francis Downman, 56 Tooley Street, SE1. Then there is a 1964 Cattinara Spanna from Campi Raudil, bottled by the producer, which is more silky, typical of the Nebbiolo grape and well suited to poultry. (£1.77 from Hedges & Butler, 153 Regent Street, W1).

My own choice for a Christmas red wine, however, would certainly be Beaujolais—a wine to delight eyes and nose, fill the mouth with its crispness and give one a kick for more. The 1973s are beginning to be delicious: John Harvey's Beaujolais Villages 1973 (£1.36) is just this—irresistible—but many merchants will have other 1973s and, at the time of writing, this does not seem to be the sort of year that makes good "nouveau". The 1973 Beaujolais and Beaujolais Villages are very flowery and should be drunk fairly soon. The greater acidity in the 1972s is now beginning to make some of the commune wines most attractive: the Morgon (Descombes) 1972 of Marc Dutet is perhaps the finest example of this sometimes austere wine I have seen; his Moulin-Vent 1972 (Charvais) is more delicate but equally distinguished (£1.56 and £1.94 respectively from Corney & Barrow, 109 Old Broad Street, EC2). The 1971 Chénas of Quinson now fully mature is on a larger scale, but fine (£1.84 from French Regional Wine Shippers, 10 St James's Place, SW1). All these, each an individual, are gorgeous Beaujolais, which, even for devotees of other classic reds, can be the wine which truly makes glad the heart on Christmas Day.

Offices and homes



Elsie Hendley, factory worker, West Hampstead, 1974. One of Nancy Hellebrand's photographs from the Londoners at Home exhibition at the National Portrait Gallery.

Standing in a domed hall next to the main entrance of the Victoria and Albert Museum is a structure which from the outside looks like a gigantic crate. But pass through the opening in the side and you find yourself in the former office of Edgar Kaufmann, owner of the Kaufmann Department Store of Pittsburgh. Mr Kaufmann's office has been preserved and given to the V&A by his son because it was designed, down to the last detail, by Frank Lloyd Wright.

The Kaufmann office joins the V&A's growing collection of complete interior environments which, besides seventeenth and eighteenth-century rooms, includes the dark chamber designed by William Morris and the recently dismantled lobby of the Strand Palace Hotel. It is the only substantial example of Frank Lloyd Wright's building in Europe, and something quite different from the notion of a house.

To enter the room is a very strange sensation. Everything—the walls, the ceiling, the fur-

niture, even the geometric wall mural—is made of the same brown monochrome wood. Light filters in through louvers or from hidden sources, and the only break in the walls is one triangular window or light fitted into the geometric mural. An enormous and curiously constructed slab of a desk forms the centre-piece of the room. Two chairs stand on either side of it, and more chairs and stools, upholstered in discreet tones, line the walls. The room seems to exist in a vacuum of its own. In a way it is like a concentrated and exaggerated version of all the big-shot skyscraper offices out of all the Hollywood gangster films.

Although in its exploitation of a single, fairly cheap material—cedar plywood—the room is a characteristic tour de force by Wright, in feeling it is the opposite extreme of the aims he put forward all his life. He always championed the idea of the natural house, the organic house, low buildings "loving the ground" as he said. "We know that the inter-

pretation of life is the true function of the architect. We know that buildings are made for life, to be lived in and to be lived in humanly". One year before this room he built, also for Edgar Kaufmann, the extraordinary house called "Falling Water" at Bear Run, consisting of a great cluster of concrete balconies built into the rocks of a waterfall. Nature came into the house and the house went out into nature. The only concession to nature in the Kaufmann office is a single asymmetrically placed potted plant. Perhaps Wright saw the dichotomy and deliberately engineered the office's monochrome gloom.

Rooms, interiors, also play a large part in the exhibition of photographs by the young American Nancy Hellebrand on show at the National Portrait Gallery until the end of this week. Her 45 pictures of "Londoners at Home" were taken during the last two years, mainly in houses and flats in Hampstead, Kensal Town and Tufnell Park.

They make a strong immediate impact because the same artistic device of isolating one of two people against the background of the rooms they live in is used in nearly every photograph. You can almost feel the photographer waiting, shutter-finger poised, for the moment when the person's expression or gesture seems to her to marry exactly with their surroundings.

In one sense the images have a documentary truth, but they also reveal the photographer's general attitude. All the choices a photographer makes—of equipment, angle of view, lighting, even personal relationships with the subjects—come out eventually in the picture. We need practice in reading these attitudes because today photographs are as important as the written word. In photography there is an equivalent to "reading between the lines", and that is to look for all the small details of life, in the background and in the margins, which the lens has picked up although it may not have concerned the photographer.

Nancy Hellebrand uses a Hasselblad camera and wide-angled lenses, which in the small spaces of the London rooms has a powerful effect, turning each into a kind of fishbowl in which people seem to float in a pathetic isolation. The square print that comes from this kind of camera also accentuates the feeling of passivity. The photographs are sensitive, but their cumulative effect is make you feel that people cannot change their lives. The pensioner, the factory worker, the typist, the domestic cleaner, the housewife: would they see themselves in this way?

Guy Brett

Fleming

Continued from page 6

writes brilliantly." J. B. Priestley felt the same: "*Brazilian Adventure* is the best travel book I have read for a long time. It is crammed with sound observation, good writing, humour and a unique blend of disillusion, foolishness and high spirits."

One of the main reasons for the book's success was Peter's splendidly original attitude. Until he came on the scene, travel and travel books had been treated with excessive reverence and solemnity; but then, with a single, sustained burst of self-mockery, *Brazilian Adventure* blew the whole genre sky-high. Readers—and reviewers—could even believe that a travel book could be so funny.

The book at once became a phenomenal success. In the last few months of 1933 it raced through eight impressions; in 1934 it went through another four, in 1935 another three. By 1946 it had been reprinted no fewer than 25 times. In 1966 it was chosen as a set book for schools, and in 1974, 40 years after its original publication, it is still in print, having sold altogether some 123,000 hardback copies.

One of Peter's most successful techniques was to describe some relatively commonplace object in deliberately ridiculous fashion—witness his account of a statue in Rio: "Victory has got a half-Nelson on Liberty from behind. Liberty is pivoting away about half a ton, and also carrying weight in the shape of a dying President and a brace is doing a cartwheel on the dying President's head, while the other of cherubs. (One of the cherubs scarcely less comradely, attempts to pull his trousers off.) Meanwhile an unclotted male figure, probably symbolical, unquestionably winged, and carrying in one hand a model railway, is in the act of delivering a running kick at the two struggling ladies, from whose drapery on the opposite side of the statue, apparently unnoticed. Around the feet of these gigantic principals all is bustle and confusion. The scene is a chaotic one. The air is being emancipated and liners launched. Farmers, liberators, nuns, firemen, and a poet pick their way with heavy precautions over a subtly thick carpeted with corpses, cannon-balls and scrolls."

The expedition as a whole left him outwardly unchanged, but it taught him a good deal about himself, and his powers of leadership. For instance, were considerable and easily asserted themselves in a crisis: that his physical endurance was equal to anybody's, and his tolerance of discomfort astonishing; the myriad thorns and insect-bites had worried him less than anyone else, and he consistently went bear-headed without ever getting sun-stroke. But the most important thing which the trip taught him was that he had a great need to excite himself with adventure: in going to wild places, in exposing himself to its dangers, and then in writing about the experience, he found enormous satisfaction and set the pattern of his life for the next few years.

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Peter Fleming, by Duff Hart-Davis will be published by Jonathan Cape on Thursday at 5p.

Pamela Vandyke Price

ENTERTAINMENTS

ALSO ON PAGES 8 AND 9



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Exploring the island of Napoleon



فَكُنْ مِنَ الْأَصْلِ

George Hutchinson

Labour is only doing what it said it would do

From some newspaper reports, but more especially headlines, you might have imagined that the Government had just unleashed a thunderbolt, in the guise of the Queen's Speech, on an unsuspecting nation totally unprepared for a programme of socialist legislation. A stranger to our shores might be forgiven for thinking that the Labour leaders had deceived us all in the election, keeping their principles to themselves, concealing their intentions, and putting forward no policies whatever.

It may be supposed that most of the 11,446,671 people who voted Labour on October 10 see things rather differently. So do many others. There is no reason why anyone who can read should feel the least surprise at the Queen's Speech: in essence it is simply another version—albeit abridged—of the recent Labour manifesto, which was written with clarity, heavily published, and well understood. Whether you care for the repertoire or not, it is

familiar stuff, though one would scarcely think so from some of the incredulous comments that were to be heard this week. But then one has been struck for years by the number of Conservatives who are unable to accept that a Labour Government must be expected to bring in Labour measures. They are taken aback whenever it happens. Disliking the measures, they can hardly believe that Labour should actually introduce them, and seem affronted, as if they had been misled. They appear to forget that Labour is a party of the left (though some of its members are more left than others) and will inevitably move in a leftward direction.

It is remarkable that so many Tories are still scandalized when Labour ministers do what they promised to do. No party has ever been more explicit in expressing its aspirations, aims and legislative intentions. They have been shouted from the housetops. Anyone who misunderstands them has not been listening. But of course people do tend to hear what they want to hear.

The Government's programme for the first session of the new parliament, as delineated on

Tuesday, is less sweeping than might have been foreseen. To represent it as a surrender to "Bennery" is absurd. It is a surrender to nothing except Labour's time-honoured principles, endlessly reiterated over the years. It is not a surrender at all, but a refection, a reaffirmation of what Labour believes to be right. The policies may be misguided; but they are not the product of a sudden whim.

Certain enterprises previously designated for public ownership, ports and others, have meanwhile been spared, though their day will no doubt come if the Wilson Government remains in office long enough. To that extent the proposals are more moderate (or more realistic) than they might have been. Again, as I was suggesting last Saturday, the prospective National Enterprise Board is likely to prove less fearsome than Mr Benn might make it if left to himself, without guidance from the Prime Minister and Mr Healey.

What is more, the projected wealth tax has been deferred for consideration by a Select (all-party) Committee. That seems reasonable. Indeed by

Labour's traditional lights there is nothing unreasonable in the Queen's Speech. To call it a victory for the extremists of the left is to misrepresent the great central body of the Labour movement.

The present government, as I understand it, wishes to encourage a successful mixed economy, and Mr Healey, in his Budget on November 12, will be trying to further that objective by measures to assist the private sector.

The Chancellor would not, I trust, find fault with Mr Philip Colebrook, one of the more distinguished of the modern school of free, liberal, industrial management (he is the managing director of Calor Gas), who had this to say in a recent speech: "We must defend private enterprise in order to retain a mixed economy; we must retain a mixed economy in order to ensure moderate government; and we must retain moderate government in order to protect democratic freedom."

The principle has seldom been better expressed. With few exceptions, Conservative MPs did their party no

credit by their attitude towards Mr Heath when he spoke in the House of Commons on Tuesday. Whatever their anxieties or reservations, they might at least have displayed a little goodwill. While Mr Heath remains their leader he deserves a show of outward support on important parliamentary occasions. The Tories will not improve their prospects by boorish behaviour. There are no electoral dividends in the leader.

By adopting that course, the party would be able to consider a variety of potential candidates besides Mr Whitelaw and Sir Keith Joseph. Some are already saying that they should not be looking to the Heath generation at all but to younger members of the last Conservative Government, among whom Mr Ian Gilmour and Sir Geoffrey Howe were outstanding.

Mr Gilmour, latterly Secretary of State for Defence, Mr Heath's administration and now chairman of the Conservative Research Department, is probably the most interesting of the "outsiders". If he could overcome a certain shyness, a difficulty of manner (aggravated though it is), his credentials would quickly become more apparent. They are plain to those who know him, but not yet to the party at large.

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South Africa's blacks will not be led from outside

What is happening in Southern Africa now, particularly in South Africa? The question has a very sharp new edge when President Kaunda of Zambia suddenly refers to a speech by Mr Vorster, the South African Prime Minister, as "the voice of reason"; when South Africa's representative at the United Nations declares that any Government does not concern the grounds of race or colour; and when there is speculation within South Africa that South West Africa might be allowed to go her own way.

In the wake of these events, the row over whether the Royal Navy should have fired 21-gun salutes on entering Table Bay, or whether the British sailors should have fraternized with South African ashore, seems adolescent. Labour ministers are reacting, suggesting that any western military or other involvement which favours South Africa will so alienate Africans as to propel them into the arms of the communists abroad, yet in Salisbury, as this "putsch" in Portugal di Lourenço Marques, from South Rhodesia, only a few in Pretoria could upset political order in Salisbury.

How, then, are Nationalists in power in Africa likely to see the situation? Events in the neighbouring Portuguese territories made more of an impact than any other developments abroad; not because the same changes might overwhelm them, but because they hope, what has been said and done, those territories so far, working relationship across Mozambique border, and in the case of Angola, border will stand.

Beyond this, the African Government see looking for a new "dialogue" with other countries, beginning with nearest geographically. The "dial" with the vine, and communications with Botswana and Swaziland, whom is entirely surrounded by South Africa, have been described as "telephone diplomacy". It is advice from some bumbling blacks that the rulers of South Africa are more likely to heed, a vice from whites in E. Africa, and the fact that Southern African affairs, published in Pretoria, suggest its August-September is a joint commission established to which Africa and the African lands within its borders first belong.

A similar commission set up in 1971 by South and Malagasy (Madagascar) contact and consultation, collapsed; the idea now it should be revived if homelands, and the neighbouring states could join. It might work, if leaders in the homelands find that they, more whites or blacks living sands of miles away, have ear of Pretoria on behalf of the black, white-ruled South Africa.

Revolution within the country concerned in Kenya, Mozambique and Angola was not victorious by itself. It contributed to a decisive revolution

of thought in some of the governing capitals abroad, it was not decisive in itself, numberless British territories, independence came, or being sought, on the ground was thrust at those territories or even imposed, from Lot.

In South Africa's case, we are considering whether there is to be a long had, but whether changes are approaching in system there. There is no off governing capital to prevent previous policies, to turn system upside down. Such overturn would have to entirely from within Africa. It has been here, 40 or 50 years.

Rhodesia, too, is in this position, even though not independent legally, theoretically remains a possibility of Britain. No down Whitehall, no count young officers in Britain, even though transform the in Salisbury, as this "putsch" in Portugal di Lourenço Marques, from South Rhodesia, only a few in Pretoria could upset political order in Salisbury.

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Connors, Borg and Vilas, bustling new vanguard of tennis

The most important tennis event on what is left of this year's fixture list is the \$42,000 Masters tournament sponsored by Commercial Union. To be played in Melbourne from December 10 to 15, this will bring together the eight most successful players in the grand prize series: which, essentially, is a revised and coordinated version of the traditional international network of tournaments.

The players at Melbourne will include three young men whose existing heterodoxy has broken up the primacy exercised in recent years by Laver, Nastase, Newcombe, Rosewall and Smith. The advance of James Connors (United States), Guillermo Vilas (Argentina), both 22, and Bjorn Borg (Sweden), 18, marks a breakthrough for the new generation. It has also revived controversy in two areas of technique: topspin and the two-fisted backhand.

Like another young iconoclast, Christine Evert (champion of Wimbledon, France, Italy and South Africa), Connors and Borg have two-fisted backhands. Connors and Vilas are left-handed. Borg and Vilas use a lot of topspin. The moped Connors is aggressively American but utterly his own man, firmly maintaining his independence from such distinguished groups of players as the World Championship Tennis circuit, the Association of Tennis Professionals, and the American Davis Cup team. Borg and Vilas, close friends, are long-haired, reserved and reflective. By comparison with Connors, they are inclined to swim with the "establishment" tide—as represented by national associations, WCT and the ATP. All three youngsters play a highly individual brand of tennis but have in common the strength of character that breeds champions.

The modern epidemic of top-spin and two-fisted backhands among leading players has inevitably inspired imitators. That is probably no more than a passing fashion. The virtues of a champion's style are always temporarily exaggerated.

Heavy top spin is deceptive and difficult to volley. But it demands perfect timing and a big swing. Its exponents tend to be at their best on slower surfaces. Its use should be more sparing than the sight of Vilas or Borg in action—or for that matter Laver, Nastase, Kodes or Okker—may suggest. But the complete player must have top spin in his armoury.

The popular argument against the two-fisted backhand is that, until Connors and Borg

came along, champions did not play that way. But would this have been true if, in the game as a whole, players with two-fisted backhands had been a majority rather than a minority? The argument is heated because the stroke is a fundamental technical commitment, imposing a radical reassessment of tactics, footwork, and physical coordination.

There are basically two types of player who use this stroke: those who, in many cases misguidedly, think it compensates for muscular deficiencies, and those who, arguing from a sounder premise, are more or

less ambidextrous and "feel" the stroke better if they play two hands to it. Both types benefit from the increased power, control and (because of this shorter back swing) the guile. All this is particularly useful when returning service. But the player with a two-fisted backhand must be nimble to compensate for his shortened reach. He may also have a difficult split-second choice to make (one hand or two?) when volleying.

We should be grateful to Connors, Borg and Vilas because, besides busting into the front rank in such a thrilling way, they have also rekindled these old fires of debate.

Connors is champion of Wimbledon, the United States, Australia and South Africa but was barred from the French and Italian championships. Borg won both. But the player causing the biggest fuss at present is Vilas. A lot of people have suddenly decided they want to "take care of" him (which is to say that they would like a percentage of his income in the next few years).

When Vilas beat Bob Hewitt in the 1972 French championships we noted that he was a quick mover with good passing shots, used topspin on both flanks and had a particularly good backhand. But for almost two years he did little more than play his way round the

circuit: looking, learning, and tasting the game's social pleasures without drowning in them.

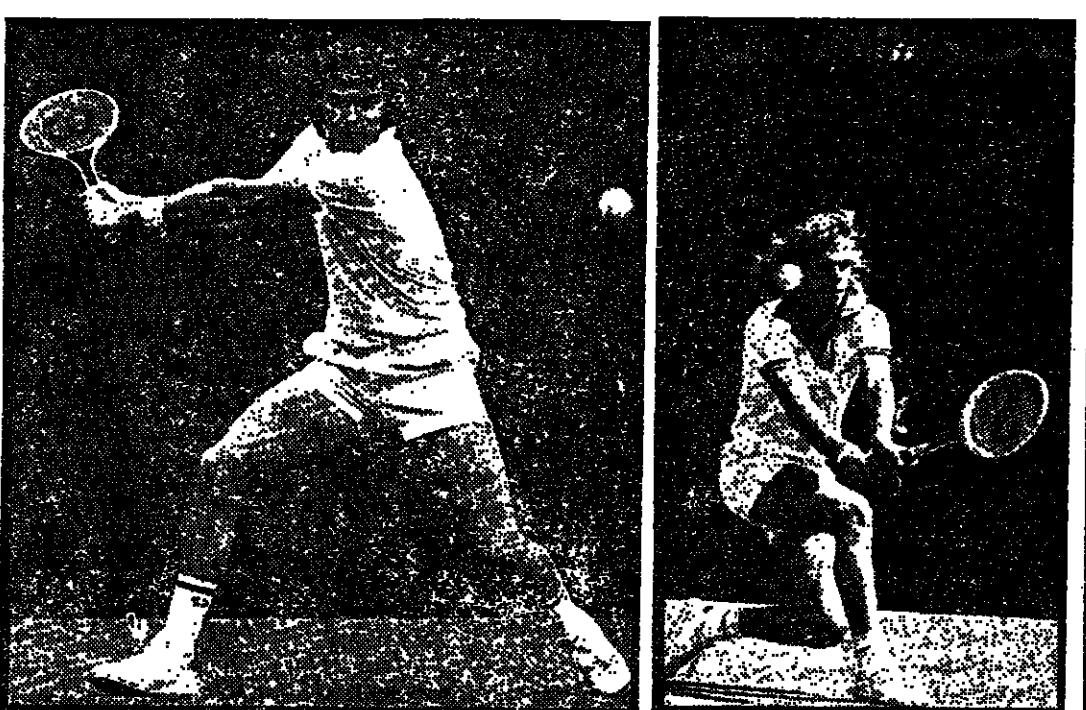
Then he had a chance to enter that toughest of finishing schools for the game's aspiring young men, the make-or-break WCT circuit. It did not break Vilas. It made him (though it was a sobering experience that could have been dispiriting).

Nowadays Vilas is fashionably unkempt. His long hair is unruly. His shorts are so tight they make him fidget. He favours pastel blue shirts which darken rapidly in the sweating stress of combat. His sturdy rather than elegant figure (a lot of it chest) does nothing to mitigate the deficiencies of his appearance.

But Vilas is smarter than he looks. In less than four months he has leapt from the ranks into the game's top 10 and his conduct on and off court, like Borg's, is exemplary. No matter what the state of the match, or the money at stake, he tends to ask linesmen to reconsider what he regards as unjust decisions in his own favour.

Off court, Vilas has an air of quiet, slightly confused courtesy, as if uncertain how to deal with the host of people who suddenly want to know him. As a recent interview with the magazine *Tennis World* revealed, he is also something of a philosopher, influenced by tape-recordings of an Indian mystic. Vilas was a lonely child on a country estate until his father took him to the resort of Mar del Plata so that he could play tennis and make friends. "But you make few friends, really; and it's better to be alone than to travel in bad company."

Rex Bellamy
Tennis Correspondent



Connors, Borg and Vilas: They have rekindled old fires of debate.



New York curbs could send more business to London's auctioneers

The Consumer Affairs Department of the city of New York may be about to deal a death blow to fine art auctioneering in the city. This would be very damaging for the Sotheby Parke Bernet group, which has built up a massive establishment there, and would cause something of a geographical upheaval in the art trade—though there are plenty of other centres ready and willing to handle New York's auctioneering business, London among them.

In a sense Sotheby's has been hoist with its own petard. The Consumer Affairs Department is planning to introduce four new regulations governing auctioneers within the city limits. One states that the ownership of goods by auctioneers must be publicly stated; another that where the auctioneer has guaranteed a minimum price or return for a sale the fact must be disclosed. These two regulations are a direct response to Sotheby's adoption of outright purchasing and guarantees a couple of years ago.

But another regulation has been slipped into the mix and this is crucial to the group's future in New York. It would require the auctioneers to disclose whether a reserve, or minimum sale price, has been negotiated with a vendor and the disclosure of the amount on request.

It sounds a minor matter, but the undisclosed reserve remains central to the protection of vendors' interests against collusion among dealers and auction rings—which even if outlawed, will always return when opportunity offers. If an owner must sell and sets a very low reserve, or none at all—and if this is public knowledge—it is an invitation to the unscrupulous to arrange that the bidding stops at a commensurately low level. If the new regulation becomes law it will thus be

very much against a vendor's interest, as well as public auction in New York. And since there are plenty of alternative centres, the trade will flow elsewhere. The Consumer Affairs Department scheduled a 30-day period starting on October 31 during which people could make comments or objections. Sotheby's has lobbied everyone it could think of to turn in objections and there have been high temperature public hearings. There still could be a rethink.

Nevertheless the situation highlights the contrast between New York's public concern over auction ethics and the lethargic ignorance of similar bodies in London. Nearly all the reforms in public auction practice of recent years have stemmed from New York where Parke Bernet has had to act swiftly to keep a step ahead of new laws. Some, though not all, of these reforms have later been adopted in London.

The publication of turnover figures net of unsold lots spread from Parke Bernet to Sotheby's to Christie's. Similarly with the public display of pre-sale estimates. Printed estimate sheets are now sent out by Parke Bernet with catalogues; some of Sotheby's departments in London have adopted the same practice.

Neither London auctioneer has so far followed Parke Bernet's most important innovation of last season. This was a five-year guarantee of authenticity. Effectively it means that a purchaser who can prove that the auctioneer's catalogue was inaccurate can return the goods and receive a refund of the purchase price within five years of the sale.

No auctioneer is likely to make such a guarantee available except under duress. But there is a strong case for it here. The major auctioneers have in recent years done all within their power to encourage private people to buy directly at auction. Whereas dealers should know

better than to be taken for a ride by inaccurate catalogues, members of the public cannot be expected to have the same knowledge and experience.

Furthermore, the lavishly produced catalogues of London's major auction houses carry a good deal of weight around the world. They can be, and are, produced as evidence of authenticity. Both houses unwittingly add substantially to the number of authentic fakes circulating in world markets every year. When their catalogues wield such power it is more than arguable that they should be required to stand by its accuracy financially.

This was underlined by the recent court case brought by the purchaser of a Rembrandt self-portrait at Sotheby's. It had been catalogued as authentic by Sotheby's although in the course of a long and impressive catalogue entry there was one line admitting that the painting was not accepted by Gerson, the present leading Rembrandt scholar.

It had cost £90,000 and it was argued that a work accepted as authentic would have had to cost £500,000. The purchaser lost his case; he should have known better. With the immense volume of goods now sold at auction there are innumerable cases of this kind; purchasers who find they have bought a dud apparently have no redress.

However, the London art market can thank the New York consumer affairs department for requiring the disclosure of goods and the fact of a guaranteed sale. Sotheby's has decided to make these disclosures in all catalogues of the international group. It is nevertheless comic to remember how, a mere five or six years ago, both Sotheby's and Christie's would sniff at Continental auctioneers who make a practice of selling their own goods. The auctioneer's role is as middleman; ownership confuses the balance of his interests in a sale—they would say. Christie's has stuck to its guns.

Geraldine Norman
Sale Room Correspondent

Taking books out of their straight jackets

Anyone wishing to read *All My Chairs* by Wil Frenken must take down from his bookshelf a three-foot long sack tied with string. Each of the 10 "chapters" consists of a linen roll printed with wordless designs. When he has finished with this bizarre book, reader rids the string and replaces the sack on the shelf.

All My Chairs, to be seen along with 4,000 more conventional volumes at the exhibition *Germany Facets* at the Royal Festival Hall, is a reminder that the format of a book can be more than solid type trotting soberly up and down the pages from front to back cover.

German publishing does not have a monopoly of designs that break away from the traditional concept of the book form. Some English word books have broken away by design and typographical juggling,

such as Sterne's *Tristram Shandy* with its chunks of black and its doodles, or Cioran's *On the Last Days of Pompeii* with its pages of *Wunderland* and the Mouse's Tale zigzagging down the page in smaller and smaller type.

Idries Shah's *The Book of the Book* consists for the most part of completely blank pages. But these are very tame compared with *The Machine* by K. G. Pontus (Transatlantic Book Service). This is bound in metal, riveted down the spine, and hinged where the flaps of the dust jacket normally appear. If you cannot put down this piece of engineering, the reason is that you could not pick it up in the first place.

The world's heaviest book is said to be *The Apocalypse*, a one-off extravaganza produced by Jean Forst. The cover alone, designed by Salvador Dalí, consists of wax, agate, bronze, emerald, knives, forks and 585

nails among other materials, all of which have the volume weighed in at 460lb. Shown at the National Book League in 1972, it was said to be worth a million dollars.

The weaker reader would prefer the "microform" book, in which a page is reduced to the size of a postage stamp. This process has been widely used, notably in a report by the National Libraries Commission, possibly wishing to put books, if not libraries, out of business.

It is not to reduce weight that Pan has rounded off the top corners of a Fritz Spiegel book. It is in order to produce the appearance of a tombstone, in accordance with the title: *A Small Book of Grave Humor*. Nor was weight reduction the reason why Constable punched holes in the pages of *Albert Angelo* by B. S. Johnson, but doubt that the reader a glimpse of future events without

out having to flip towards the end. Another of his novels is more box than book. *The Unfortunates* (Secker and Warburg) is handled by taking out each of the 27 separately bound chapters, shuffling them, and reading in an order dependent on the luck of the draw. This represents the random thoughts of the main character.

Another do-it-yourself format is used for *Who Killed Robert Prentice?*, one of a series by Dennis Whealey. This comes as a dossier of typed statements, handwritten letters (some perfumed—a clue, a railway ticket, a Belgian stamp, a torn-up photograph, and not only newspaper cuttings, but also a spoof copy of a local paper that happens to include a genuine advertisement for Hutchinsons, the publishers. The final section is sealed and labelled: "Do not break this strip until you have decided

who you would arrest if murder of Robert Prentice. Even then that resembles conventional book to a degree." *The Nightingale* by George Bern. Costing more than this consists of 600 piecemeal which, according to publishers Rapp and W. eventually produce a poem.

All this is some way away from the products of the ing trade. To return to Germany Facets exhibit which continues November 9, a copy of a C. Berg printing press will duce for visitors paying page 1 of the Bible. J. Gutenberg, running his tenth-century presses, have had little idea the successors would be prod books that readers shuffle through, construct, or ke sacks.

Jonathan

Historical mysteries for medical detectives

Posthumous diagnosis of the diseases of historical figures has long been an intellectual pastime among doctors. The same is played in two parts: First the medical side has to be got right, and then discussion can start on the effects of the disorder on the life of the historical figure.

Perhaps because neither the law of libel nor the professional censure of the General Medical Council applies when the patient and his doctors are dead, some pretty outrageous speculations have been made by self-appointed medical historians. Often these tales are given wide currency simply because it occurs to no one to challenge the accuracy of the medical detective work—especially if the suggested diagnosis implies an element of scandal.

The allegation that Beethoven's progressive deafness was caused by syphilis, for example, is based on the flimsiest evidence—simply that syphilis is a rare cause of both deafness and Beethoven's other notorious condition, cirrhosis of the liver.

However, once publicity has been given to a suggestion of

this kind it becomes very difficult to refute by rational argument, especially when the vital documents such as the post-mortem findings were published in German scientific journals in the late nineteenth century.

The inaccessibility of so many of the more interesting papers on medical aspects of history has been distinguished by genealogist Professor Arnold Sorsby to collect some of the best in *Tenements of Clay* (Julian Friedmann Publishers Ltd, £3.50), which reprints 15 biographical essays published in medical journals over the past 60 years. With one exception, an account by John Brook of the historical implications of George III's porphyria, the essays are more concerned with diagnosis than with its implications.

Authoritative though the experts may be, however, part of the fascination of such studies is that final proof is so rarely available. Shakespeare may very well have developed water's cramp at the age of 16, as is suggested in W. Lefkowitz's study, originally published in 1920. No further evidence is likely to be forth-

coming, and indeed since the invention of the typewriter has made the condition obsolete it is most unlikely that any future generation of physicians will disclose another expert on the disease. White's cramp (or more likely that Nostradamus scribbler's cramp) was a clearly recognized occupational disease among professional writers; most of those affected were between 40 and 50 years old, and it could persist for many years. Lefkowitz's diagnosis provides an elegant explanation for Shakespeare's having stopped writing plays at the early age of 46. Yet as Professor Sorsby observes, answering one question leads only to another—since a writer's cramp is a psychosomatic condition, what were the subconscious conflicts that brought it on?

The collection opens with an account of Noah's albinism, largely based on the description of his appearance in the book of the prophet Enoch (part of the Pseudepigrapha). "She brought forth a child, the flesh of which was white as snow, and red as a rose; the hair of whose head was white like wool, and long; and whose eyes were beautiful. When he

opened them, he illuminated the house, like the sun; the whole house abounded with light."

Professor Sorsby rejects the possibility that Noah could have inherited his albinism from an angel—seems much more likely that Noah's father, Lamech, and his mother were both children of Methuselah, who was therefore the first authenticated carrier of a recessive gene.

In addition to the theories about Beethoven and Shakespeare, there are studies of Milton's blindness, the disabilities of Dean Swift and Samuel Johnson, the fatal illnesses of Napoleon and Jane Austen. But the most detailed discussion is concerned with Henry VIII. In this case there is little doubt that syphilis with responsible for part of the remorseless decline in the king's health: the diagnosis is clinched by the unmistakable appearance of a syphilitic gumma (a soft tumour) on his nose in a Holbein portrait dated about 1537, and the characteristic sunken scar of the healed lesion in a chalk sketch made by the same artist in 1540.

But how many of He problems were the result of syphilis, and how many of character, his heavy drink and his excessive weight? Probably the recurrent misadventures of Catherine of Ar were the result of the i can have acquired from H (or possibly transmitted him, according to one the Yet again, once the diagn is made the scope for spec on grows.

Henry VIII's discoses i with the porphyria of Ge III the added interest of i impact on the national international events. Profe Sorsby quietly points out i in the less strenuous fields academic life and the civil vice, age limit prevents emergence of a geriatric and procedures exist for i possibilities to be remo tefully from those no lon able to shoulder their physical or mental reasons. such safeguards exist in p tics—and indeed at the Ya conference three sick, old m shaped the postwar world.

Dr Tony Smi
Our Medical Correspondent



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A PRELIMINARY SKIRMISH

April it was Chile and Mr. effer. Now it is Simonstown and Mr. Benn, Mrs Hart and Miss astor. Once again Mr Wilson constrained to blow the whistle on infringements of the rule of collective responsibility. The rule—it is really a convention—one of convenience. A government will get on better if its members do not dispute with each other in public. If they do, they lose the appearance, and even throw away the reality, of fundamental like-mindedness, which is necessary to any body men if they are to conduct affairs of state effectively. They so provide irresistible openings for their political opponents, and they sow distrust as colleagues suspects colleague of keying for popular or party favour while leaving others to try the can.

The present foul was committed in the National Executive Committee of the Labour Party, which the three ministers named are members. Members of the NEC have their constituency in the party conference, those resolutions and collective interests they are elected to promote. Members of the NEC who are also ministers of the Crown are another and wider constituency as well. It extends through millions of electors who voted for their party to the whole people. They govern not as delegates of the Labour Party conference but as representatives of the nation.

Like much else in the constitution of the Labour Party, this title bit of machinery, which admits to the executive people

with political responsibilities that are not in all important respects congruent with those of the executive, seems specially designed to become over-heated. It ensures that the friction there is bound to be from time to time between the NEC and a Labour Cabinet will be felt within those two bodies as well as between them.

For most of the party's history this built-in abrasive has not been allowed to become more than an irritant. There has been a general disposition to compromise and refrain from taking an heroic stand on polar principles. But not now. The sharpness of Mr Wilson's rebuke and the strenuous efforts it has inspired suggest that there is more at stake than three ministers stepping out of line about a naval visit to South Africa. And indeed there is.

We are witnessing preliminary moves, a sort of sipping-up dance round the ring, before battle commences on the issue of authority within the Labour movement. The battleground will be the renegotiation of the terms of entry into the European Economic Community, and then the referendum, and after. Nothing can be foretold with certainty about so potentially devastating a conflict, but a probable course of events can be discerned.

Let it be supposed that Mr Callaghan, having scaled down his demands, does not meet a serious obstruction in Brussels; and that a point is reached before the middle of next year

when a majority of the Cabinet is disposed to pronounce the negotiations a success. There follows a referendum. But before that a special Labour Party conference will have been held to pass judgment on the question. The majority there is more likely to be adverse.

The conference may or may not pass a motion purporting to enjoin rejection, or at least neutrality, on the Government. It will be influenced in one direction or the other by the current state of opinion about its authority to do any such thing and about the likelihood of ministers acquiescing if it does. A vigorous assertion at this stage of the collective responsibility owed by ministers and of the Cabinet's autonomous authority might daunt some who would otherwise support such a conference motion. Conversely, a successful demonstration of the doctrine that ministers owe a prior or equal duty of obedience to the party conference once it has spoken would encourage the conference to issue fresh instructions.

If the special instructions were to carry a motion purporting to instruct the Government, then ministers and Labour MPs would have to decide how to treat it. Again, if at this stage collective ministerial responsibility and the autonomy of the Cabinet had been compromised, it would be more difficult later for the Government to execute its judgment, in the face of the party conference, that continued membership of the European Community is the better course and that the people should be persuaded to agree.

The SNP's election campaign

From Mr Tam Dalyell, Labour MP for West Lothian

Sir, Geoffrey Smith's perceptive article (*The Times*, October 22) takes a somewhat elevated view of why so many Scots voted SNP, and omits mention of more earthy factors, such as the exploitation of local grievances, and the cumulative effect of pin-pricks on Scottish self-respect by London-based TV celebrities.

As Mr Smith knows, since he spent half-a-day with us on the doorstep of Armadale, West Lothian, I was being held personally responsible by SNP canvassers for every word I said, every choked drain pipe, every manifestation of dampness in the bedroom, and all the inevitable hardships, following large scale modernisation of council houses. Many other Scottish Labour MPs had exactly similar experiences. And, truth to tell, in the midst of local government reorganisation, there are far more unanswered grievances, and unanswered letters from council officials, than normal.

Secondly, Mr Smith omits any reference to the effect on Scottish attitudes of some of the English media. Pride of place, in this context, must go to sports TV commentators, who were often insufferable to us, during our World Cup attempt in Germany in June.

Finally, Geoffrey Smith, before beginning to talk about a Conservative Britain, might usefully address himself to this question. "Why is it that the SNP, after getting 9,750 votes in West Lothian in 1962, and over 18,000 in 1966, did not win West Lothian in a situation where Conservative, Liberal and Communist lost their deposits? The answer is partly that in those areas where, over the years, Scots have been made to think what SNP policy is all about, their support does not rise in the same geometrical progression as in those areas where the SNP have all the attractions of novelty."

Let not Mr Smith forget that over 70 per cent of the Scots who bothered to vote rejected separatism.

Yours, etc,
TAM DALYELL,
Chairman, Scottish Labour Group of MPs,
House of Commons,
October 22.

Control units in prison

From Mr Roy Bailey and others

Sir, As members of the committee of the National Deviancy Conference, the largest organisation of criminology researchers in this country, we would like to draw your readers' attention to the serious concern among professional sociologists and criminologists about the new Prison Control Units set up by the Home Office. The letter from Mr E. D. Wright, the Director General, (October 21), does little to reassure us that such concern is based on "misconceptions". Our two main criticisms remain:

1. The extended system of isolation and deprivation in the new units can be damaging. Troublemakers are segregated for two periods of 90 days in the first of which there is solitary confinement and (a feature Mr Wright does not mention) a return to the first day as a punishment for misbehaviour.

2. The allocation of prisoners to the Control Units is quite contrary to our principles of justice. As the Director General concedes, a prisoner is allocated to the unit for administrative reasons: he has no charge made against him, appears before no hearing, and has no right of appeal. The elaborate "safeguards" which the Director General describes all take place within the prison department without any legal scrutiny.

In our view nothing short of a complete and immediate abolition of the Control Units can deal with concern about the potential abuses of this system. We call on the Home Secretary to make an immediate statement about this issue.

ROY BAILEY,
Head of Dept of Applied Social Studies,
Sheffield Polytechnic.
MIKE HEPPWORTH,
Lecturer in Sociology,
University of Aberdeen.
GEOFF FEAULTON,
Lecturer in Sociology,
University College, Cardiff.
PAUL WALTON,
Senior Lecturer in Sociology,
University of Glasgow.
STAN COHEN,
Professor of Sociology,
University of Essex.
PETER LEONARD,
Professor of Social Work,
University of Warwick.
IAN TAYLOR,
Lecturer in Criminology,
University of Sheffield.
JOCK YOUNG,
Principal Lecturer in Sociology,
Middlesex Polytechnic.
DAVID DOWNES,
Reader in Sociology,
London School of Economics.
MARY MCINTOSH,
Research Fellow,
Nuffield College, Oxford.
LAURIE TAYLOR,
Professor of Sociology,
University of York,
October 25.

Royal Court attendances

From Miss Anne Jenkins

Sir, Mr Robert Morley in his letter of October 21 states that at most of the plays the Royal Court Theatre has in mind to do, you can't find twenty-five patrons a night. The facts are that for the last six months we have been enjoying 83 per cent attendances, and for the last three years 75 per cent attendances and the theatre has four hundred and one seats.

Yours faithfully,
ANNE JENKINS,
General Manager,
Royal Court Theatre,
Sloane Square, SW1,
October 25.

LETTERS TO THE EDITOR

The system of tied cottages

From Mr David Gemmell

Sir, The Government appears determined to abolish the agricultural tied cottage system. This is confirmed in a reply received from the Prime Minister to an inquiry by the Royal Association of British Dairy Farmers, of which I am deputy president, which states "The commitment to abolition in the Labour Party election manifesto is a firm one..."

The tied cottage system is operating in a number of industries including the police, coal mining, British Rail, teaching and local government and it is strange to say the least that agriculture—the industry which will be most severely affected by the abolition—has been selected for this retrograde step.

On dairy farms the vast majority of service houses have been modernised while many thousands of new homes have been built. Involving heavy investment by the farmer—for the highly skilled technicians necessary for the larger herds which have come about as the result of successive governments. Without good accommodation provided free or at a minimal cost, farmers would be unable to obtain the services of the men they require.

There is no doubt that the great majority of farm employees living in service cottages appreciate that any disadvantages are fully outweighed by the advantages. They are happy to move from one part of the country to another knowing that housing will invariably be available, indeed when seeking new employment stockmen usually insist that suitable accommodation is available.

The need for employees on dairy farms to live on or close to the farm is obvious. If the existing system is abandoned there will be widespread tendencies for men to seek positions on farms solely to obtain accommodation. Once installed they will have security of tenure and be in a position to work elsewhere. But what of the farmer? He will have lost his greatest asset

—the house in which to accommodate alternative labour.

The consequences would be inevitable: a lower national output of milk—already at danger level—with farmers either giving up milk production altogether or reducing the size of their herd to proportions manageable by the farmer and his family. Without security of labour, farmers already desperately in need of funds, will progressively sell off cottages on their farms as they become vacant.

It is, I think, fair to say that the number of evictions from farm cottages which are not undertaken by mutual agreement, and often to the farmer's embarrassment, in order to place elderly workers or their widows on council house waiting lists is minimal and, to jeopardise the entire livestock industry, particularly the dairy industry, on an emotional issue of this nature is wholly unjustified and certainly not in the national interest.

To overcome the problem of providing alternative accommodation for farm workers nearing retirement age the RABDF has suggested that farm employees on reaching 60 years of age should be eligible for registration on their local council's housing list so that by the time they reach retiring age at 65 they will be near to or at the head of the list. This is done by a number of housing authorities at present and the system works extremely well.

The Government's intention to abolish the tied agricultural cottage system is both unnecessary and unjust and there is no evidence to show that it is being sought by farm employees generally. The pressure is coming from certain trade unions who, with their ever growing demands, do not possess the foresight to see that untold damage will be done to the livestock industry of this country.

Yours faithfully,
D. GEMMELL,
As from Poplar Cottage,
Cottingham, Cambridgeshire.

Saving the Criterion

From Mr Ian B. Albery

Sir, There is considerable confusion surrounding the emotional subject of "saving" theatres. Apparently the planners of Westminster City Council, the prospective developers of the Criterion site and, indeed, many other commentators, consider the job is done if the bricks and plaster are safely enshrined in a concrete and steel edifice.

If the theatrical profession is considered at all it is to be dismissed as an endlessly available commodity which can be dispensed with or recalled at will. Such an attitude of mind would only be justified if all theatre companies were subsidised. The financial effect of a temporary closure on an independent theatre is likely to be fatal. The "production line" is lost and thus all sales revenue.

The major cost element, however, is that of staff salaries (41, including part-timers, at the Criterion, many of them having service of 20 years or more, and with skills only related to the theatre), and this is the proverbial millstone, unless, of course, the management is ruthless and sacks them all.

A theatre can hardly go to the local estate agent and hire another 600-seat playhouse near Piccadilly Circus. Subsidised theatre companies, often receiving 50 per cent or more of their total revenue from the Government, are to a certain extent insulated against the effects of a closure.

To an independent management a period of indefinite closure (the duration of which is determined by the efficiency of the building industry and the good will of the developers) presents a catastrophic cash flow problem and possible bankruptcy. Yet this eventuality, clearly apparent one would have thought even to the planning department of Westminster City Council, is hailed by them, as a positive breakthrough in "Saving the Criterion Theatre".

Middle East conflict

From Mr Roger Hardy

Sir, The Rabat conference has underlined what many have suspected for some time: the Middle East have been emphasising for a long time: that the future of the Palestinians is the central issue of the whole Arab-Israeli conflict. Though shirked off for so long, it can now be avoided only at the real risk of world war.

It is precisely because this central issue is now so clearcut that the dangers of renewed conflict are considerable: Israelis and Palestinians now stand face to face and declare scurrilously that the land of Palestine is theirs. This is perhaps the world's last chance to wake up and realize that a fifth Middle East War may easily become a Third World War.

The Middle East conflict was never merely a local problem, though it became all too easy for Western opinion to be lulled into apathy by the apparently relentless succession of minor and bloody wars. As with Ireland, the situation became tedious and predictable.

Now perhaps it will be realized—though perhaps too late—that the problems of Arab oil and Arab money are insignificant beside the very real likelihood of large-scale (even nuclear) war between the major powers. The Middle East, so comfortably termed the cradle of civilization, is in real danger of becoming its grave.

It is more uncomfortable still to realize that the West bears a heavy responsibility for the causes at the root of the problem. Israel was of the West's making. Its creation, if in part a gesture of humane idealism, was a gesture which backfired cruelly. Britain in particular committed one of the worst blunders in its imperial history by encouraging Zionist nationalism precisely at a time when it had effectively stunted Arab nationalism.

The two camps inevitably into head-on conflict, the one nurtured upon hope and the other upon anger. It was the Western powers who set the nations a-warring, and who by so doing set in motion a cycle of violence which so far they

Planting trees for posterity

From Mr A. J. Methuen

Sir, In 1798 Repton supervised the planting at Corham of 2,700 oaks, 1,550 Spanish chestnuts, 600 elms, 1,450 beeches, 100 sycamores and 1,800 willow-leaved, ilex-leaved and scarlet oaks. The account to Repton for his supervision was £142.10.0.

Of these trees and those planted by Lancelot "Capability" Brown some 30 years earlier, the oaks are the best survivors. Most of the elms have gone, in this past six months, victims of disease. The famous North Avenue, stretching from the house across A4, 4-mile, has been the worst hit. The South Avenue, devastated by a gale in the late 1920s and replanted by the late Field Marshal Lord Methuen, has come off relatively mildly. Among the parkland trees, of which 90 per cent of the elms have gone this past summer, opening new vistas from the house to the lake, but leaving portions bare, and, where felled, rather like a battle-field.

Of the Spanish chestnuts, there are only a dozen survivors; the beech are present in some numbers, but are at the end of their lives, losing branches in gales or growing extensive crops of fungus.

The format of the Park is still perfect, but the damage is great. Replanting in conjunction with modern agriculture and present-day vandalism is making the problem of restoration difficult. Just to plant 200 trees of respectable size, 5ft size is costing around £2,500; and, to plant the required space, some three to four acres have been withdrawn from the tenant farmers.

Meanwhile the hedgerow timber is going, and this means individual boxes for each tree. The price one receives for elm is no better today than that received for oak 150 years ago, but planting costs have gone up by a very large margin.

If the people want the countryside not to be bare of trees, especially in Wiltshire, Gloucestershire, Berkshire and Worcestershire, then help must be supplied to the landowners and owners, either as relief or grant, to enable posterity to enjoy what we have enjoyed up till 1972 in our countryside.

Yours faithfully,
A. J. METHUEN,
Corsham, Wiltshire.

World food supplies

From Mr Ian Haig

Sir, We would like to comment on the structure of the Government to the proposals tabled by the United Kingdom voluntary development agencies for the World Food Conference (Letters, October 30) which call for magnanimous and immediate assistance from the industrial world to the underdeveloped nations in terms of financial and technical aid.

We are very pessimistic about the likelihood of these proposals being implemented if all the industrial nations respond as lethargically as the British Government to the demands of the world food crisis.

The only extra offer of assistance from Britain is 5,000 tons of fertilizer which represents about 5 per cent of all fertilizer used in Britain for non-agricultural purposes. The Government has not even offered to pay for this trivial quantity.

As for financial assistance, the moratorium on debts proposed by the voluntary agencies is illusory, in view of the Government's refusal to make any specific commitment on the amount of aid to underdeveloped countries. At present a mere 5 per cent of the aid budget goes directly to agricultural projects with a further 15 per cent going to development projects which improve the rural infrastructure.

The world food crisis makes a mockery of the statement in Labour's manifesto which said: "We are, more than ever, one world and Labour's foreign policy will be dedicated to the strengthening of international institutions and global co-operation in response to the threat to the peace and prosperity of us all."

Little could threaten the world's peace and prosperity more than the present gross imbalance in world food supplies.

Yours faithfully,
IAN HAIG,
Executive Secretary,
World Development Movement,
Bedford Chambers,
Covent Garden, WC2.

Secrecy of the ballot

From Mr A. E. S. White

Sir, I have now lived through 16 British General Elections and I do not recall one where someone has not written to complain that the ballot is not secret.

How would Dr Hughes Hallett (October 16) check against bogus ballot papers without the safeguard of the number and mark and does he really think anyone is going to take the trouble to go through 50,000 papers to find his, and if his voting is proper what has he to worry about? It is still a free country and personally I welcome the system which can detect fraudulent misuse of the ballot.

Yours faithfully,
A. E. S. WHITE,
25 Rickford's Hill, Aylesbury,
Buckinghamshire.

Snails and the weather

From Mr R. Baldwin

Sir, I note from your leader today (October 31) on the beef crisis that a hard winter is feared on the evidence of the hibernating precautions currently being taken by snails. May we assume that the Meteorological Office have already empaneled a suitable body of experts from the family Helix Nemoralis, or is it Helix hortensis, to improve the range and accuracy of their long-range weather forecasts?

Yours faithfully,
R. BALDWIN,
The Athenaeum,
Pall Mall, SW1.

SOUTH VIETNAM'S MOUNTING DESPAIR

President Thieu's message yesterday on South Vietnam's national day lacked assurance for the present and promise less for the future. The limited war goes on. He did undertake to root out the corruption in the armed forces of which the opposition has complained. He also said that there was no cause to doubt President Ford's continued support for his government, though many of his listeners might detect in this affirmation only a concealed regret that Mr Nixon's unyielding emotional commitment to the South Vietnamese cause was no longer there to be drawn upon, or the opposition to his rule that has sprung up so fiercely in the past three months he had nothing but hostility. The people must disown such agitators whose aim was to disturb the country, abrogate the national ranks and disrupt the fighting spirit of the armed forces. Of course, President Thieu added, his own position was unimportant and he would willingly step down but for the fact that he was determined to fulfil the mission entrusted to him.

By now that mission has lost all definition. The more intellectual of the Saigon government's critics might catch in the president's anniversary speech

only an echo of Mr Nixon up against the Watergate ropes. The real question is whether the evidence of demonstrations in the past three months shows that the people of South Vietnam have had enough and are now looking for a way of escape from their despair. General Duong Van Minh, the senior military man among the opposition, finds the regime impotent and corrupt and says it has completely lost the confidence of the people. But Saigon has never been a certain barometer of the countryside.

Undoubtedly the resignation of Mr Nixon, coupled with many other signs of the American withdrawal, have undermined the political pulse of Washington is one way of deciding that the United States is much less of a presence at Saigon's side. But that is evidence for the informed few. A stronger immediate impact was felt by last month's withdrawal from the main air bases of two thirds of the American technicians (left since the peace agreement as employees of private American companies). Strict control by Congress over the defence aid budget is not likely to be reversed. And as for the concession of attacking

corruption why, it will be asked, is it being done belatedly now but from weakness?

There are two other reasons for thinking that the malaise in South Vietnam is deep-seated and spreading. The first is the continued economic decline. The unemployed multiply. The living is to be picked on the sidelines has vanished. Little new investment arrives to succour a country plainly far from peace. The financial burden of a vast army becomes ever more onerous. From which follows the question: why is the war still being fought? To what end have casualties on the Saigon side in the past six months been as bad as at any time before?

It is long since victory in any form was a prospect in South Vietnam. Now the only prospect is of defeat—somehow, sometime. No wonder the National Council of Reconciliation, the tripartite body provided for by the Paris peace agreement against which President Thieu turned his face from the beginning, is now becoming a magnet of hope for those who see none elsewhere. If President Thieu will make no move towards a desperately desired peace the cry for it will grow stronger, whatever political risks it may entail.

ARGUING THE CASE FOR DEFENCE CUTS

The Government will have completed its deliberations on the Defence Review by the middle of this month. This can be safely inferred from Mr Short's House of Commons answer on Thursday when he promised a parliamentary statement on the review in the third week of November. How much substance will be included in the statement has not yet been decided. At best it can embody only a series of proposals which will then have to be argued during lengthy consultations with Britain's NATO allies. General Haig, who has just taken over from General Goodpastor as NATO's Supreme Allied Commander in Europe, must feel that he is being brown in at the deep end.

The Government has always calculated that the consultative process will take at least two months. But this estimate is likely to be proved too conservative. For one thing, it will have to involve not only our allies in NATO but also those involved in NATO, NATO and the five Power Defence Arrangements in South-East Asia. For another, the proposed cuts are certain to be so far-reaching as to provoke substantial opposition

from all these countries, however accurately they may have been foreseen.

The proposed cuts should bite deeply into the exposed flanks of the North Atlantic alliance. The most controversial are expected to include a reduction in the Royal Navy's commitment to the defence of the Eastern Atlantic and the reduction or, probably, total abolition of the Royal Marines' involvement in the defence of NATO in the North. In the Mediterranean, a probable withdrawal from Malta should be overshadowed by a considerable reduction, as opposed to the total disappearance, of the NATO-declared forces on Cyprus. It is arguable whether the latter might upset the Shah more than the United States.

And these reduced commitments to NATO and neo-NATO allies must be seen against a background of other likely cuts in spending upon the three services, in research and development projects for instance, which could impinge upon the overall effectiveness of the whole.

How many of the Government's proposals will survive the opposition from its allies overseas, is again open to speculation.

Its strategy during the two or three months of negotiation is expected to involve bilateral consultations first with the United States and Germany, after which the less powerful allies should be able to mount little more than token opposition to the review.

At the risk of sounding unduly cynical, there are some who might see in the British proposals a reasonable excuse for effecting a number of reductions on their own account. On the other hand it is the fear that substantial British reductions might have a snowball effect upon the alliance as a whole which will stiffen the resistance in Washington and Bonn. Both the British and German governments are likely to draw heavily upon the EEC in their search for bargaining positions. When Mr Short speaks of "early next year" as the date for the completed Defence Review he is probably thinking of February rather than January, and there are many in the Ministry of Defence who believe he should think most seriously of March. For the Government as well as for NATO the next few months promise to be a testing time.

Change in S Africa

From Mr Ronald Watts

Ir, The seeming ease with which power is being transferred from white to black in Portuguese Africa is tending to encourage the idea that a similar transfer can take place in Rhodesia and South Africa. The recent OAU attempt to expel South Africa from the United Nations and demands for immediate withdrawal from South West Africa seem to have sprung from the idea that the white regimes are rapidly collapsing. However, a sudden reversal of policy cannot take place in the case of Rhodesia and South Africa because there is no third party to act as the Lisbon Government has acted in the case of Mozambique. Many years of compromise and step by step advance only through the Bantustans are going to be needed if major bloodshed is to be avoided. Southern Africa is now in a

greater state of flux than it has ever been and it is important that the British Government quickly develop a strategy which will permit us to play a constructive role in the months ahead. Our former policy of verbally condemning South Africa but at the same time continuing to maintain full trade, investment and military links must now be revised. Following recent developments in Mozambique the balance of power has now swung so heavily towards the OAU states that there is a much greater need for Britain to adopt a more neutral and mediatory role.

A neutral role in the Southern Africa situation would involve a withdrawal from the Simonstown agreement and a complete ban on the supply of armaments. On the other hand it would be necessary to maintain and even promote normal trade with both sides in the controversy. It would also mean the promotion of either open or behind-

the-scenes contacts between the OAU states and South Africa. This would involve pressure for realistic policies so that, for instance, the OAU would be told that their demand for the immediate withdrawal of South Africa from South West Africa is both unrealistic and likely to lead to a serious breakdown in law and order.

While we would press the South African Government to speed up the changes that they now seem prepared to contemplate, we would also press the OAU to allow more time for these changes to be made. In brief, our strategy would be designed to cool down what is potentially the most inflammatory situation that the world faces during the next decade.

Yours sincerely,
RONALD WATTS,
Maes-r-eghwy Farm,
Pen-y-cae, Swansea, South Wales.
October 28.

Gilt-edged sales again lead market retreat

Prevalence Share Fund

Grouse Assurance and inflation

It is impossible to provide a genuinely inflation-proof assurance policy; quite simply, there is no inflation-proof investment fund into which a life office could invest policyholders' money to produce a guaranteed inflation-proof return.

So the next best thing is to devise policies which with regular increases in premiums will at least go some way towards providing a maturity benefit at the end of the term which bears some relation to the value of the pound then.

The most realistic way would probably be to increase premiums in line with some official index, such as the retail prices index, as Legal and General have just done with their two new term assurance policies.

The snag then is that life offices and policyholders will then run foul of the Inland Revenue regulations in respect of qualifying insurance policies. To qualify for income tax relief on the premiums, the premium in any one year must not be more than double the premium paid in any other year.

It is quite likely that any

policy with premiums linked to an official index would contravene this ruling (a regular 12 per cent per annum increase in premiums would mean that the premium would have more than doubled in seven years).

In this case the policyholder would not only have to sacrifice the tax relief in earlier years but would also incur a tax charge on the benefits.

The Government's decision to introduce two modest forms of index-linked National Savings next year has added urgency to the problem. The life assurance industry is well aware that it could well be forced to offer some form of competitive savings-type policy if there is a great demand for index-linked schemes.

So it is up to the Government to act quickly to remove this inhibiting factor against the introduction of policies with premium costs linked to an official index.

Some further clarification on other aspects of qualifying policies were promised for Mr Healey's second Budget. It is probably too much to hope that special treatment for index-linked policies can be devised by then, but it should be a must for next spring's Budget.

Bonds

Nation Life policyholders left in the cold?

Amid a fanfare of publicity, the Government outlined its plans for the greater protection of insurance company policyholders within hours of the initial reference in the Queen's Speech.

Mr Peter Shore, Secretary of State for Trade, made it clear immediately that the proposed rescue fund would not apply to the 30,000 policyholders of Nation Life Insurance.

So just who does care what is happening to the life savings, in some cases, of the relatively small number of people who do hold Nation Life policies?

The affairs of the company have been in limbo since July and policyholders still do not know where their funds stand, despite the efforts on their behalf by David Jackson and the Policyholders Protection Committee, formed when it was announced that the company was to go into liquidation.

This week the liquidator sent policyholders a letter. It did little to reassure them, saying that even after the company had been in suspension it has been unable to determine to what

extent the company will be able to meet its commitments. What the liquidator did not say, but what is becoming increasingly clear, is that the prospects for the policyholders are deteriorating with time.

Of critical importance at this juncture, are the attitude and plans of the Government. The decision to impose an obligatory rescue fund, to be financed by a 1 per cent levy (referred to premiums), has less than lukewarm approval from the industry, including those companies which have already subscribed to or are about to contribute to the ad hoc rescue operations of other life assurance companies.

There is now a real fear that the apparent indifference of the Government to the fate of Nation Life policyholders will prompt a similar reaction within the insurance industry.

The argument is simple to understand: "The Government is forcing us to provide rescue funds for other insurance companies which may run into difficulties; it has specifically excluded Nation Life from its terms of reference, so why should we?"

course, somewhat different. The Government is clearly hoping that the industry will mount a private rescue operation.

Fair enough, but why did it not see to fit to suggest that the compulsory rescue fund would be available as a last resort if all else failed?

Are the policyholders in Nation Life any less deserving than the holiday-makers of Court Line who, on average, stood to lose little more than £100? If £5m was found for their assistance why cannot some help be forthcoming for annuitants and pensioners who made the unfortunate mistake of choosing the wrong insurance company as a home for their more substantial savings?

There have, it is true, been greater than expected problems with Nation Life. The decision to petition the court for a compulsory winding up under Section 31 of the Insurance Companies Amendment Act was done partly on the assumption that the appointment of a special manager, who would have powers to seek a change in policy contracts, would enable the company to be run on a going

concern basis until taken over by an establishment life office, or consortium, of insurance companies.

A potential rescue consortium does exist, but there have been difficulties in establishing the exact financial position of Nation Life. The liabilities are clear enough but there are two dubious areas in respect of asset valuations.

One is the deposit of £1m with the London branch of the failed International Credit Bank of Geneva. The second is ownership of the controversial Bourneville site.

It is not clear whether this belongs to the property bond fund element of the total life fund or the annuity fund element, and if the latter, it could result in a deficit in the order of £11-£12m.

It now seems as if this question of ownership will have to be resolved by the courts before it is possible to decide the true financial position of Nation Life.

But what is happening to the fund in the meantime? The position is not encouraging. The liquidator of an insurance company under the Insurance Companies Amendment Act keeps it ticking over.

However, there is as yet no flesh in respect of this section of the Act, and it is doubtful if the funds are receiving any kind of normal on-going investment management.

The liquidation of Nation Life is a novel situation not yet fully covered by detailed legislation, in the absence of which no one is fully clear what to do. So policyholders are losing out in this respect, too.

The position of policyholders paying regular premiums is even worse. They have received little information from the liquidator and what has been given has contained the proviso that policyholders should seek the advice of their own legal advisers.

Understandably, few have wanted to spend money in this way, and what local solicitor is going to be able to give really helpful advice to a client on this complex issue?

Generally, the advice given over the past three months has been that policyholders should themselves decide whether they pay their premiums or not, but nobody can tell policyholders what will happen—whether they pay or not. It appears that if the com-

pany is not taken over, premiums paid since the winding up will be refunded.

Other words: "If you do pay, you have no cover; if you do not pay, you may be covered but we cannot tell; if you are not covered, you can have your money back."

All told the situation is messy and policyholders can forgive for thinking nobody seems to care what happens to them after months of little or no progress towards a satisfactory outcome.

If the insurance industry does decide to wash its hands of the whole affair, the will be back firmly in the hands of the Department of Trade, which, having done worst by announcing the introduction of a rescue fund, has no more sticks with which to coerce the industry into action.

Will it then give Nation Life policyholders the same treatment it accorded to Court Line holidaymakers?

John Drummond

Margaret Slo

Bonfire Night: Insurance

Taking cover from Guy Fawkes hazards

Guy Fawkes celebrations usually give the fire brigade their busiest night of the year. And the bonfires which get out of control and the fireworks which set fire to buildings can prove very expensive to insurers.

Even worse are the injuries caused; often no compensation may be available from any source for those who injure themselves through their own negligence.

If you are worried about your position if your home, or an outbuilding, should be set on fire accidentally, all should be well from the insurance point of view—provided, of course, your policy is up to date.

Normally, a household's policy will cover the house and the contents against fire. How it was caused is really immaterial.

If, therefore, you were responsible for the fire, you can claim on your policy. On the other hand, if any of your property is damaged by fire because, say, your neighbour's bonfire gets out of control, instead of trying to make a recovery from him (and perhaps being involved in acrimonious arguments), you can claim for the damage to your possessions from your own insurers.

If your insurers feel that your neighbour is liable at last in turn they can try to recover the amount paid out to you from your neighbour. Or, if he is insured for third party liabilities, your insurers will claim from his insurers.

Their arguments may be prolonged, but you should have been paid quite promptly by your own insurers.

Almost certainly, your household policy has a third party

section to protect you from claims which could be made against you.

Sometimes, curiously, if you insure the buildings of your house, your third party protection will apply to claims for compensation made against you in your capacity as owner of the house. If you insure the contents of the house (e.g. household items and personal possessions), normally you will be covered for your liability as occupier of the house.

It is sometimes a fine point whether a claim is made against somebody as owner or occupier. But for, say, a bonfire getting out of control, it may very well be an occupier's liability.

Thus, to have the necessary third party cover under a household policy, it is important for the contents of the house to be insured.

If you are planning to have more than a modest family party, your insurers may have to be told. For instance, if you plan to join forces with another family to hold a fireworks party in your garden, or are involved in organizing a party on a communal site, find out about the insurance position.

Your household policy covers you only for accidents in or about the house, although it may well have a personal liability section so as to give you cover for other claims made against you in your personal capacity.

If, however, a club of any kind is organizing a fireworks party—whether for charity or otherwise—it could be a good plan to take out a policy to cover claims for damage to property or personal injury which could be made against the club. If you are providing

any food, you could include in the policy the risk of food poisoning.

This kind of insurance is quite straightforward and if you need it you should be able to fix it up before Tuesday evening.

The best way to prevent a claim being made, is to take sensible precautions. Naturally, insurers expect this of you.

Unless it is too late, pick your bonfire site carefully. It should be well away from buildings, fences, trees and roads. To use petrol or paraffin to light or revive a fire can be dangerous.

Try to avoid lighting a bonfire where the wind could blow the flames towards anything inflammable. If you are having a bonfire in the garden, keep all the windows of the house closed; otherwise there is the risk of sparks (or a firework) entering the house unnoticed and starting a smouldering fire.

In case there should be any trouble, have a bucket of water ready. If used quickly, it could prevent a serious fire. Also, before leaving a bonfire, make sure that it is really out.

To prevent a stray spark setting off the fireworks all at once, keep them in a covered tin box—as far away from sparks as possible.

Do not let children throw fireworks about; and remember that it is against the law to let off fireworks in the street.

Provided you act responsibly and have your house insured for the full cost of rebuilding (bearing in mind how building costs have escalated), if the worst should happen your insurers should stand by you.

Bonfire Night: Law

Remember, remember the Firework Code

It was no damp squib that caused chaos on fair day at Millers Park in 1773. One shepherd threw a lighted firework into the market house: he said he intended only to scare the assembled company.

The squib landed on Mr Yeast's gingerbread stall. A quick reflexed Mr Willis retrieved it and flung it farther away. He did this to protect both himself and the gingerbread; attracted, however, as if by a magnet, the squib then descended on another gingerbread stall.

In his own turn, Mr Ryal preserved his wares but on the next stage of his journey the squib exploded in the face of Mr Scott, blinding him in one eye. Mr Shepherd was sued in criminal and held liable to Mr Scott.

So sky-larking with fireworks is no new hazard and although the Firework Makers Guild has imposed self-denying ordinances and an agreed safety code is widely publicized, accidents continue to happen.

A defective firework is a rare event; in such a case, though, the purchaser has his ordinary remedy, as does any other person injured. Most accidents, however, are caused because fireworks are intrinsically dangerous and Parliament has recognized this by control of their manufacture, distribution and storage.

The Explosives Act 1875 and the 1951 Fireworks Act also regulate sales of fireworks; for example, shops must be licensed and sales procedures are strictly defined. But there is pressure for further legislative reform; some even advocate a ban on retail sales.

For the time being, though, many will continue to celeb-



rate Guy Fawkes Day in the traditional back garden manner, as fireworks are generally available across the country.

It is not even safe for parents to assume that their children who are under the age of 13 will not be able to get hold of fireworks. The Explosives Act 1975 does prohibit their sale to anyone apparently under the age of 13, but appearances can be deceptive; and surely an obliging 14-year-old might be persuaded to do a good turn for a younger friend?

A person convicted of this offence can be fined a maximum of £20 and it might be that, under the Powers of Criminal Courts Act 1973, he could also be ordered to pay

up to a maximum of £400 compensation for any "personal injury loss or damage resulting from that offence."

Anyone in possession of fireworks should take care where he discharges them. The Explosives Act subjects you to the threat of a £20 penalty if you "throw, cast or fire any fireworks in or into any highway, street, thoroughfare or public place."

The Town Police Clauses Act 1847 and the Metropolitan Police Act 1839 go further: in brief, it is likely that if, in any street in an urban area, you throw or set fire to a firework or make any bonfire "to the obstruction, annoyance or danger of the residents or passengers" you are liable to a

maximum £20 fine or 14 days imprisonment.

Children apprehended for such activities could be dealt with in accordance with the normal procedures suitable to their age and circumstances.

More recently, the Highways Act 1959 added to the statutory provisions on fireworks the highway as the result of lighting a fire or discharging a firework within 50 feet of its centre line, then you are committing an offence.

Furthermore, if a user of the highway is "injured, interrupted or endangered" by such actions performed "without lawful authority or excuse," another offence is committed.

Arson apart, there the civil law is at present not to leave the matter of works and bonfires.

The civil law, however, more to say in the matter. Since the Fires Prevention (Metropolis) Act 1774 despite its title it applies (twice) it has been an established principle that the denial of escape of fire from property will not make liable in damages when burns down your neighbour's house. But, if you have negligent in allowing it spread, you may find you being sued.

Parents should supervise their children's incendiary activities, as it is possible that in certain circumstances negligence, whether the damage to property or personal injury.

It is rare that anyone's child, for the very reason that children do not normally have the means pay any damages. It might be hoped that a parent would feel morally, even legally, responsible for the damage to the family is covered by a liability policy of insurance.

But, in the event of a being sued in negligence the defendant might be a big obstacle to plaintiffs' success. When clearly negligent in an adult not necessarily so in a 10-old child.

It is all very well, how to be aware of the law, but to Bonfire Night or otherwise, it is much more important to be safety-conscious. If your family the Fire Code.

Halldora Bl

Unit trust performance

UNIT TRUSTS: Medium and Income (progress this year and in past three years). Unitholder index: 1084.2; fall from December 31, 1973: 32.4 per cent.

MEDIUM	A	B	L & C Unit Trst	A	B
Gartmore British	-2.4	-	Kleinwort Benson F	-24.7	-30.8
Vanguard Capital	-9.2	-21.5	Marlborough	-25.6	-
Brown Shipley	-16.2	-20.2	Procter	-26.2	-
Piccadilly Inc/Grow	-16.8	-	Procter	-26.2	-31.3
Family Fund	-18.3	-27.8	M & G Sec Genl	-26.9	-21.9
Rowan Securities	-18.3	-	Cabot	-27.1	-33.8
Slater Walker Grth	-18.5	-	Nature of the West Grth	-27.4	-34.4
Archway Capital F	-22.1	-42.7	M & G General	-27.8	-25.2
British Life Bld	-22.2	-38.7	National Hundred	-27.9	-25.9
Vanguard Inc Assts	-22.2	-34.1	National Consolid	-28.6	-23.5
Seab Capital	-22.4	-	Unit Samuel British	-29.1	-31.5
Quadrant F	-22.6	-	Target Thisde	-29.1	-38.4
Buckingham	-23.6	-24.9	M & G Magnus	-29.2	-35.5

A	B	A	B
Nations House M	-29.5	Gundhill	-41.7
Nations House M	-29.5	Gundhill	-41.7
Nations House M	-29.5	Gundhill	-41.7
Nations House M	-29.5	Gundhill	-41.7
Nations House M	-29.5	Gundhill	-41.7
Nations House M	-29.5	Gundhill	-41.7
Nations House M	-29.5	Gundhill	-41.7
Nations House M	-29.5	Gundhill	-41.7
Nations House M	-29.5	Gundhill	-41.7
Nations House M	-29.5	Gundhill	-41.7

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David Owen Edmunds
(Gold and Diamonds Division)

31A Sloane Street, London S.W.1.

Round-up

A rescue fund • Indexed premiums

Insurance topics have dominated the news this week. As widely expected the Government has decided to introduce a compulsory protection scheme for the industry which became operational from Tuesday for companies which petition the court for liquidation.

The rescue fund will be financed by a compulsory levy on insurance companies at the rate of no more than 1 per cent of annual premiums. Full details have yet to be worked out but it is clear that policyholders who are bailed out by the scheme will not get full benefits in the case of over-generous schemes, although it is thought that claims on both life and non-life policies would be met to the extent of at least 90 per cent.

Moving from one aspect of policy holder protection to another, Legal and General this week introduced two term assurance contracts (a family income benefit policy and personal accident insurance) where the premiums increase year by year by the same amount as the increase in the retail price index.

The benefits are not indexed—linked—that is an impossible promise for any life office to make—but, in the case of the family income benefit policy, will rise at the rate of 10 per cent compound annually.

Barclays Bank appears to be moving into the publishing business. Its latest offering is a paperback called *A Little Retirement* which tells you all you need to know about the positive approach to life over 65. The useful finance section is written by Dryden Gilling-Smith.

Taxation

Fixed loan instead of a pre-Budget overdraft

Tax relief for interest was severely curtailed under this year's Finance Act. A fortnight ago I looked at the restrictions concerning loans taken out for the purchase or improvement of a private residence after Budget day, March 26, 1974.

Certain other loans also qualify for relief. These are substantially the same type that were singled out for relief in the 1969 Finance Act.

Very briefly, they are loans for the purpose of acquiring an interest in a partnership or a close company; or for the purchase of plant and machinery (including motor cars) for use in a partnership or company; or to pay estate duty.

There is no ceiling to the amount of these loans, unlike the main residence rules which have a limit of £25,000.

The new law means that there will be many types of loans taken out before March 26, 1974, which will not qualify for relief.

Fortunately, to mitigate the hardship that would result from a sudden withdrawal of relief, there are transitional provisions.

Interest paid on a bank overdraft or under credit card arrangements is accorded the least generous treatment. It will be remembered that for new overdrafts after March 26, 1974, no tax relief at all can be claimed. However, if there is an existing overdraft on that date, interest can be claimed for one year only, up to April 5, 1975, after which it ceases.

Not that it is quite as simple as that, because there is a limit to the amount of interest allowable for the one year.

chargeable on March 26 is ignored.

In addition the first £35 will be disallowable, just as it was last year.

There is a useful relieving provision which should be borne very much in mind during the course of this tax year. If the overdraft is replaced by a fixed loan before April 5, 1975, tax relief will be allowed on the interest for a further five years up to April 5, 1980.

However, relief for those five years will continue to be restricted to the debit balance and rate of interest prevailing on March 26, 1974.

Turning to loans other than overdrafts, the transitional provisions are a little more generous. Provided the loan was taken out on or before March 26, 1974, and the interest then qualified for tax relief, it will continue to be allowable for six years up to April 5, 1980, regardless of the amount of the loan.

If the first £35 of interest was disallowable under last year's rules it will continue to be disallowable during the transitional period.

Take the case of a taxpayer who borrowed £30,000 in 1972 on a fixed loan for 10 years at 15 per cent, in order to buy stocks and shares. Tax relief will be given on £4,455 (that is, £4,500 less £35) for the six years up to April 5, 1980.

Provided the law has not changed in the meantime the interest will cease to be allowed in 1979/80—but of course anything can happen before then.

It will be recalled that the most important restriction on money borrowed after March 26, 1974, is the £25,000 ceiling on a loan raised for the purpose of buying or improving one's main residence. In this connection there is a slight complication where the taxpayer already had a loan outstanding on March 26 which was used to buy or improve any residence (other than a property for letting, and after that date raises

another loan for the purpose of his main residence.

The earlier loan must be taken into account in calculating the overall limit of £25,000. The interest on the earlier loan, given prior to the later loan, and rates increasing this is an advantage.

Supposing that back in 1972 a taxpayer borrowed £10,000 at 15 per cent to finance the purchase of a country cottage. In January, 1975, he buys a flat in London as his main residence and raises a mortgage of £20,000 at 15 per cent.

He will get relief of £1 (£10,000 at 12 per cent) up to April 5, 1980. During this period he will also get relief of £2,250 (£15,000 at 15 per cent) on his second loan, to bring total allowable loans up to £25,000.

After April 5, 1980, he will obtain relief on the £20,000 main residence only.

It may be that an individual had, on March 26, 1974, already negotiated a loan which does not qualify for relief under the new rules, but had not taken it up. There is consequently treatment here, provided the loan was taken up for the purpose of buying or improving land and building (not necessarily a main residence) under a binding contract made on or before March 26, 1974, and the loan was offered in writing on or before that date.

It will be deemed to have been in existence on March 26. Where the taxpayer has died the interest paid by the personal representatives or trustee of a will, will continue to attract relief if it would have done so had the deceased lived.

The rules have discussed relate to private loans. There is no problem with loans raised for business purposes. The interest is wholly allowable.

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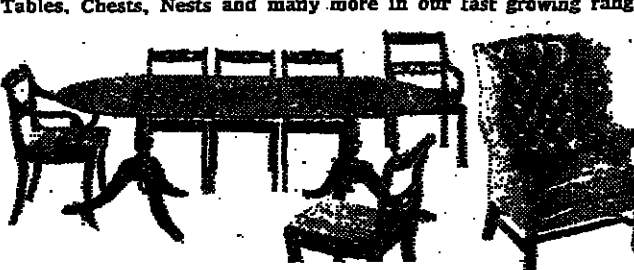
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The second and final part of a Special Report to mark the twentieth anniversary of the start of the Algerian revolution

Algeria II

هكذا من الأصل



owing oil income to reap future jobs

avid Blake

Algeria's economy has been the success stories of the years. Starting with a no modern industry, little investment and an almost total lack of skilled workers and managers after French left, the Algerians succeeded in getting growth and the beginning of a modern economic within a very few years. The country's first national planning exercise launched in 1967 has added in getting growth rate of more than 10 per cent a year, raising the amount it invests from less than 20 per cent of its gnp to 40 per cent and has turned a chronic foreign deficit into a surplus. In the latest plan, which until 1977 investment is expected to reach new peaks have been matched by Japan among the nations of the world in the years. By 1980, the plan believes, they will have converted themselves into a fledgling industrial power able to compete with the world. The secret of this confidence is oil. Exports of oil, which total more than 50 million tons a year, provide the foreign trade earnings and provide the heavy majority of its government income. The heavy reliance on oil has grown more evident in the years since independence, has become more noticeable with recent sharp increases in oil prices, which have dramatically increased the amount the country can expect to receive from its sales abroad. Algeria is not, and is not want to be, an oil

state. Its production, and its reserves, mean that in the long term it cannot hope to have riches on the scale of Saudi Arabia or Kuwait. Its large population, which is growing rapidly, means in any case that the country will have to find a large continuing supply of jobs for its people in the years ahead.

Because of this the country's economic policy in the post-independence period has been dominated by a single-minded zeal to get development under way. "We save oil so that one day we shall reap factories" is how the Algerians describe their policy, and their ability to persuade a population, which for the most part still has very low living standards, to accept the sacrifices involved is a tribute to their success in persuading ordinary people that the effort, often portrayed as a continuation of the struggle which brought them their freedom, is worth while.

In order to permit the large-scale investment programmed on the edge of the country's heavy industrial base, living standards have been held down by a deliberate policy of austerity. For the 60 per cent of the population who live on the land, and who between them produce only about 10 per cent of the country's gnp, such a policy enforces itself. But in the cities, where the jobs in the factories and administration are, it is backed up by strong government measures.

The maximum income which anyone can earn is set at 2,000 dinars (£220) a month, with the addition of some "perks", such as a car and a house, for the very well-off and special bonuses in the nationalized industries. On this kind of salary it is possible to have enough

spare cash to live a great deal better than a low-paid worker; but none the less the gap between the top and bottom is less than in many countries, and this runs down on the consumption of what the Algerians regard as luxuries.

This restriction is further enforced by a ban on the import of some luxuries, which would use up precious foreign exchange, and a crippling high import duty and tax on others. These measures have not only reduced the amount of money which people have to spend; they have also convinced many of them that they would be better off keeping their money than spending it so that Algerian families out of quite low incomes tend to save far more than their British counterparts.

The aim of all this sacrifice has been industrialization, and it has proceeded with the kind of tidiness and in the order which is to be expected in a highly planned, centrally controlled economy. In the first stage the Algerians have concentrated on building up their basic industries which will provide the material which will be transformed at a later date. As well as having a huge investment in hydrocarbons, they have built steelworks and fertilizer plants and have made a major effort to capitalize on their limited natural resources other than oil.

This was the fundamental choice of the development plan between 1969 and 1973 and, as the plan is put into effect over the years, the choice was confirmed by large increases in the investment in industry which were made possible by increased revenues from oil. By the end of the plan, industry had received something like 60 per

cent of all investment compared to the 45 per cent originally forecast. The total spending had gone up, too, from the expected 28,000m dinars to just under 37,000m which, even allowing for inflation, represents a considerable increase.

The concentration on industry, and especially heavy industry, which often employs little labour, rather than the traditional strategy of aiming for such things as labour-intensive component manufacture, met with criticism from some observers. They pointed out that agriculture remained the mainstay of most people's lives, and that it was desperately in need of reform; and yet it received only 15 per cent of investment.

Against this, the Algerians point out that the farm sector employs so many small growers that any kind of change is bound to be a slow job. It is far more difficult than ordering a new steelworks to be built by a foreign contractor who will import large numbers of skilled engineers to produce a plant which can be handed over at the end of construction on a "turnkey" basis.

Although the country's planners are firmly convinced of the correctness of their decisions in the first plan, it is significant that in the plan for the next four years much more attention is given to just those sectors which have proved weakest up till now.

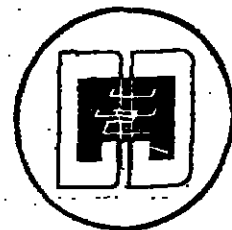
Agriculture and, even more important, the development of the country's scarce water resources to benefit agriculture, get high priority. So does the building of more homes, something which has been largely neglected until now and where the cities are feeling the pressure of terrible housing shortages.

The fundamental outline of the past remains the same with investment in industry expected to triple compared with 1969-73, though this time with an increasing emphasis on finding use for the steel and other raw materials that are just beginning to flow out of the plants built during the first stage. Although the outline remains the same there are signs of a slight softening. Private consumption is expected to rise faster than gnp, a recognition that the rise in oil prices means that the country can afford to relax its austerity just a little because the oil price increases mean that the terms of trade have turned, for the moment at least, in its favour.

Much of this increased consumption will take the form of better social services which, in spite of efforts by the Government, still have a long way to go before they reach an acceptable level. But there are also likely to be increases in the sales of consumer goods, some of which, it is hoped, will be produced in Algerian factories, such as the television plant scheduled for Sidi-bel-Abbes.

Making this kind of adjustment to a more advanced economy will put further strain on the nation's resources. In some ways it is easier for a country to live in centrally planned austerity than in a more complex economic system. But the change will be a slow one, at least in the initial stages. Severe restrictions on living standards will remain.

Most Algerians are still sure that this sacrifice is worth making.



BANQUE ALGERIENNE DE DEVELOPPEMENT

Immeuble "JOLY"

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ALGER

Tél: 60.10.44/46.60.21.70/72

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The Algerian Development Bank has a capital of 100 million Dinars, thus disposing of substantial stable funds.

Within the overall context of the country's economic development, the Algerian Development Bank is responsible for:

1. formulating plans for the financing of projects selected by the Four Year Plan, to be implemented by Algerian companies and other public bodies;
2. distributing long term credit to investment projects in every sector of the economy except building of houses and farming, which are financed by other banks;
3. participating in the mobilisation of medium term credit;
4. working closely with Algerian companies and public bodies;
5. maintaining a Secretariat for C.N.I. (National Investment Commission), thus

effectively contributing towards the promotion of wide-scale private investment in furtherance of the country's general economic policy.

The Algerian Development Bank is the instrument of financial and economic cooperation with Arab and African states and financial institutions.

It maintains close contact with Arab financial institutions with a view to obtaining their support for development projects in Algeria. It consults with these institutions on possible joint intervention as part of plans for cooperation with other states, especially in Africa.

It is closely linked with institutions in African states and helps to finance development and social projects.

The Algerian Development Bank is also a partner of international financial institutions.



"SOGEDIA"

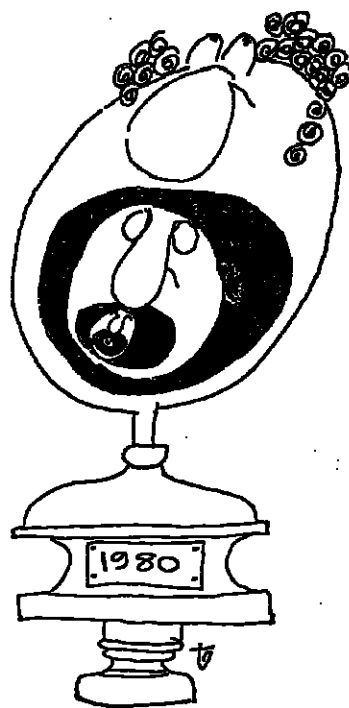
EIGHTEEN MILLION CUSTOMERS TO PLEASE BY 1980

By 1980,

"SOGEDIA"

will be meeting the needs of a population of 18,000,000, with high standards and high purchasing power.

It will be supplying them with sugar refined oil margarine and vegetable fats soap products fruit and vegetable juice and preserves brandy



"SOGEDIA"

To satisfy these needs, "SOGEDIA" has set itself the following goals:

- improve the quality and diversify the range of its products
- establish an efficient, rational internal and external distribution network

"SOGEDIA"

has an investment programme of 647,054,000 Dinars, which will be used to:

- set up 15 new factories
- expand existing plant
- organize training and refresher courses for executive staff
- conduct research and development work

"SOGEDIA"

Today operates 21 modern factories, each with its own laboratory linked with a central laboratory testing products to international standards. Its turnover is 398 million Dinars and it employs more than 5,000.

In 1973, "SOGEDIA'S" direct exports amounted to a value of 18.4 million Dinars.

EN 1980

NOUS AURONS

18 MILLIONS

DE CONSOMMATEURS

EXIGEANTS

"SOGEDIA"

devra répondre aux besoins d'une population de 18.000.000 d'habitants très exigeants et disposant d'un pouvoir d'achat élevé.

Elle devra les approvisionner en:

- Sucre
- Huiles raffinées
- Margarinés et graisses végétale
- Savons et savonnets
- Jus et conserves de fruits et légumes
- Eaux de vie

Pour cela, elle s'est fixé des objectifs:

- Améliorer la qualité et diversifier la gamme des produits
- Créer un réseau de distribution intérieure et extérieure efficace et fonctionnel

Un programme d'investissement de l'ordre de 647.054.000 DA qui se traduit notamment par:

- La création de 15 nouvelles usines
- L'extension des unités existantes
- La formation et la recyclage des cadres
- Des études et recherche de réalisations.

"SOGEDIA"

Aujourd'hui la gère 21 usines modernes disposant chacune d'un laboratoire, lequel est relié à un laboratoire central qui contrôle les produits suivants les normes internationales. Elle réalise un chiffre d'affaire de 398 millions de DA, et emploie plus de 5.000 personnes.

Elle a exporté directement, en 1973, l'équivalent de 18.4 Millions de DA.



SOGEDIA
SOCIÉTÉ DE GESTION ET DE DÉVELOPPEMENT
DES INDUSTRIES ALIMENTAIRES

The port of Oran, second city of Algeria and a vital international port to which pipelines bring crude oil and natural gas from the desert. Built by the French, it is now a rich commercial city.

Increasing foreign investment in rapidly growing economy

by Alan Rake
editor, African
Development

Even before the oil boom Algeria was one of Africa's most rapidly growing economies. The gross domestic product increased by 11.1 per cent last year and at about 10 per cent over the period of the four-year plan.

But since then has come the oil price explosion. Algeria still depends for 85 per cent of its exports on oil and gas. With these prices tripled, it can look forward to a period of remarkable expansion.

Algeria is a country where development plans really have significance. The whole socialist economy is carefully meshed into the planning system. The last four-year plan from 1970-73 actually outstripped its planned level of investment of 26,000m dinars and spent 33,000m dinars, a truly remarkable achievement in a continent where most development plans are banished to the bookshelves after a year or two of unfulfilled targets.

The 1974-77 development plan, which should have come into operation on January 1, was adopted only on May 14. The reason for the delay was not lethargy on the part of the Algerian authorities but their desire to work out accurately the effects of the huge oil price increases on the 51 million tons of oil which Algeria has produced in 1973 and the increased revenue which would be injected into the Algerian system over the years ahead.

The Algerian economy is still in its period of maximum growth. With its tight planning policies, restrictions on consumption and high investment targets, it is one of the few oil producing states that can absorb petroleum price increases and put them to immediate productive use. Algeria hopes that, by continuing to invest at very high levels in the 1970s, it will build its own self-sustaining momentum as the economy starts to take off in 1980. Meanwhile, very good business can be done by firms prepared to provide the goods, financial services and training that Algeria needs.

Algeria's plans for 1974-77 envisage investments of 54,000m dinars and for 1978-80 of 46,000m dinars. Before the oil bonus, the planners were sufficiently confident to contemplate a balance of payments deficit of more than 1,000m dinars by 1977, gradually changing to a surplus of some 500m dinars by 1980. By then imports will be worth more than 10,400m dinars.

Meanwhile, outside confidence in the economy has been reflected in the ever-increasing volume of foreign loans, funds and investments flowing into the country. The list of foreign loans to Algeria negotiated in 1973 is shown on the right. In addition, there were 200m Algerian dinars from Libya (about \$33m), 500m Belgian francs (\$13m) and two loans to buy British goods from the Export Credits Guarantee Department of £55m.

Mr Ismail Mahroug, Algeria's Finance Minister, points out that these loans

are not being used for consumption but for productive investment. He expects that half the investments for the 1974-77 plan will come from loans. Public debt stands at 7,500m dinars, about 30 per cent of the gross national product, and it is the Government's intention to maintain this level.

As most of these loans have been obtained on a long-term basis with pay-back periods ranging from 10 to 45 years (a time when there will be maximum earnings from gas and oil), there seems little indication that Algeria has over-reached itself. The inflow of foreign loans has allowed a healthy rise in foreign exchange reserves to \$1,876m at the end of June, 1974.

Algeria's trade has been growing at an impressive figure of 15 per cent a year. It was in deficit until the Organization of the Petroleum Exporting Countries (OPEC) oil price increases last autumn, but this year a surplus will almost certainly be earned, despite the sharp rises in the price of imports.

In 1973 sharp rises in the price of industrial goods, iron and steel, transport equipment, engineering products and foodstuffs cost Algeria more than 1,500m dinars. Algeria is still heavily dependent on imports of cereals, sugar and milk. In 1973 it paid four times as much as 1972 for its wheat, three times more for timber and more than twice as much for its iron, steel and cement.

But price rises in oil and

Feb. 1 \$20m European, Canadian, Japanese banks.

Mar. 28 \$300m Eurodollar: Six US banks (for 1974-77 plan).

June 1 \$100m Canadian banks and Canadian development agency.

June 18 \$24.5m World Bank (roads, irrigation etc.).

July 3 \$130m Orion group (London).

July 3 \$20m Mitsubishi (for industrial development).

July 28 \$20m Beirut money market.

Aug. 1 \$50m Wells Fargo bank US (for State Construction Co.).

Oct. 1 \$50m Japanese banks (Sumitomo leading).

Nov. \$40m French, European, Japanese banks.

\$250m First Boston, Chemical and Citicorp banks for Sonatrach projects, including LNG plant.

Total \$1,004.5m

gas more than kept pace with these increases and the Algerian Government has shown its confidence in its overall balance of trade situation by deliberately restricting the expansion of oil exports to some 51 million tons, compared with a projected 56 million tons in 1973, in line with OPEC oil producers' requests to hold production down and keep price levels up.

The tables indicate the direction of Algerian trade with France, still by far the most important supplier, though its share of trade has been steadily dropping over the years, with West Germany, Italy, Britain and Russia expanding rapidly to fill the gap.

In recent years Algeria has been one of Britain's fastest growing export markets, particularly for machinery, transport equipment and capital goods of all kinds. In 1969 Britain exported £3.5m of goods to Algeria. By 1973 the figure had shot up to £37.9m against even higher imports of £45.7m.

With the oil price explosion, imports from Algeria are expected to double during 1973-74 and the trade imbalance may swing further in Algeria's favour. However, it is the local firm, for the first seven months of this year, British imports from Algeria totalled £22.8m (of which £16m was spent on oil) while exports from Britain during this period were £28.2m, giving a trade balance in Britain's favour.

Algeria has a deliberate policy of reducing its trade dependence on France and shopping across the world for its imports, often showing more interest in quality than price.

British salesmen report that five years ago French goods almost had a monopoly of the Algerian market. Then, for two years, there was a switch to the Soviet block. Now it is the turn of Britain and the European Community countries. Today much military communications equipment, originally bought from Russia, is being replaced with the British equivalent. British firms are tendering for nearly £500m of important contracts in diverse fields.

Algeria is an avowedly socialist state and its economy is organized almost entirely under the state-owned system. The executive arm of the economy consists principally of 45 state companies (sociétés nationales) and 16 agencies (offices nationaux). These vary from the giant Sonatrach, which claims to be the ninth largest oil company in the world, to quite small companies.

Each state company has a quite clearly defined range of activities and under general policy guidelines a considerable degree of autonomy. Imports, exports and foreign exchange are closely and completely controlled by these state organizations. An increasing percentage of imports has been monopolized by law.

Mechanical products, vehicles, motors and machinery may be imported only by, or very rarely with the permission of, Sonacom, steel may be imported only by SNS and so on. The export services and promo-



The state is transforming the iron and steel works for local industrial use.

tions division of the Board of Trade will supply a full list of the Algerian state monopolies and their interests.

State organizations have increased their foreign spending over recent years, mainly on capital goods. This is likely to continue for several years, but is likely to fall off towards the end of the decade as Algeria's own new industries get into their stride. In the meantime there is a deliberate austerity policy regarding consumer goods.

The most important opportunities for British firms lie not so much in working on the project for once-off sales as in establishing relationships with Algerian state companies and tendering consistently for work and projects and being prepared to train Algerians to run the factories or technical equipment properly after installation.

A typical example of a firm already established in this way is Pritchard-Rhodes, the subsidiary of the United States International Systems and Controls Corporation, which is building gas liquefaction plants. With the fourth liquefaction plant at Skikda nearly finished, it signed a £50m contract for a fifth and sixth plant last year which will provide it with work until 1977.

Meanwhile, John Brown is building two compressor stations at the Hassi-R'Mel gas pipeline as a result of a £15m contract. Both these companies have found that one project has led to another over a number of years.

Many British companies find that preliminary nego-

tiations before getting into the Algerian market are long and tedious, but once a firm has established contacts one project leads to another.

The Algerian Government makes a habit of putting out all its projects to international tender. Even the smallest of tasks are handled in this way, but frequently it is the local firm which knows the people and problems concerned, that gets the business.

Esams, the Elliott Automation subsidiary, has won a contract for the study of Algerian ports and has been working on the project for the past two months. The technical advice given could lead to other British contracts in quay building, water engineering and heavy equipment. Another study that will soon be coming up will be of the national cold storage requirements, for fruit and vegetables in particular.

PA Management Consultants is advising the state corporation Sonelgaz on the national electricity and gas requirements. W. S. Atkins and Partners, of Epsom, has won an important consultancy for the extension of the El Haggar steel works at Annaba. This is a contract involving some 150 British engineers and is valued at some £25m.

Birley Engineering, of Glasgow, is also involved in this El Haggar iron and steel complex. It is helping the state corporation SN Metal to transform the iron and steel for local industrial use.

Parsons & Whittemore Lyndon recently signed a contract to build a paper pulp factory on a turnkey

basis at Nazrec, near S at a cost which is likely to exceed the expected £10m. Chem Systems, of London, has won a second management contract, taking its total of contracts to £125m. The worth £500,000, is from state oil corporation Sonatrach and covers a rancy on two natural processing lines at Sk

A British Embassy spokesman in Algiers saw opportunities for goods exporters, financial services and consultants all types. He cited the success of Harris-Intertec, which sold its machinery display during the first of the recent Algerian fair, and the Algerian official who slept overnight in his car outside the embassy to the fair so that he could rush in and buy a machine from the Colchester Company the moment doors opened.

British businessmen are advised to approach Algerian market with an open mind and consider determination. It is essential to do business by personal visit and to continue to keep in touch until a breakthrough is made.

Algerians are very tough and ambitious. They have chosen to rely on their own economy on list lines and realize they need help. But have learnt to distinguish between the unreliable those who offer good quality and service. Negotiations in Algeria take rigid bureaucratic forms and have to be carefully followed.

"But" according to Briton who has been in business there for 17 years, "once agreement has been reached on the Algerian side they will always maintain their part of the contract."

Algerian state organizations should always be treated seriously when dealing against international tender documents. Documents have been prepared by the state corporations over the years to very precise instructions. The embassy gives advice to respect requirements for specific formalities of present, and the standards required.

Once contracts are signed with Algerian state companies there are some long delays before the approval for implementation and on supplying technical services to Algerian clients, even state organizations, advised to ensure that the necessary transfer of foreign currency has been obtained by customer from the central commercial banks before the contract is made.

With the exception of a few items, all goods are subject to various import controls. They may require import licences and a from the state organization or monopoly concern. Most goods can be imported only by the state companies. Goods which are not in category require prior authorization granted by Ministry of Commerce in accordance with a quota. This authorization usually entitles the holder to obtain the necessary foreign exchange.

SONAREM

The story of a liberation

When on May 6, 1966 the Algerians took into their hands the fate of the mining industry, this was an act of liberation.

The liberation of men—miners buried in the bowels of the earth, the subjects of exploitation, became management.

An economic liberation since national wealth would henceforth be used solely for economic development and to raise the standard of living of the people. An instrument was needed to take charge of this basic sector of the country's economy and as a result SONAREM was set up and given the substantial funds needed to finance its ambitious plans for the development of its mineral resources. Today SONAREM employs

13,000 people and invests 20 million dollars yearly in its programmes.

During the first four-year plan which covered the years 1970 to 1974 SONAREM extended its investigative work to the whole of Algerian territory using aeromagnetic and radio metric survey techniques and prospecting all areas where results seemed promising. Its vast programme will enable it to increase mining output by 15 per cent per year for the next few years by exploiting existing deposits more extensively and opening up new mines.

The increased mining output will first be used to meet the growing requirements of the Algerian home market which is expanding

rapidly as a result of the establishment and development of secondary industries, while any surplus production will be exported.

SONAREM is at present keenly aware of the need to raise the standard of living of the people who make possible the acceleration in growth in this sector of the economy and has implemented successfully principles of socialist management. At SONAREM the workers are the management.

From the moment it was first set up, SONAREM has given absolute priority to education and training. Its efforts in this field have borne fruit and to date have produced more than 2,000 engineers and technicians of all classes.



CRÉDIT POPULAIRE D'ALGÉRIE

National Banking Establishment with capital of 45 million Dinars—established by Decree 66.366 of 29.12.1966

Under the second Four Year Plan, 1974-1977, the sum of 110,000m Dinars has been earmarked for public works, a sector in which Crédit Populaire d'Algérie has extensive specialist experience. All public works contractors and similar concerns have exclusive arrangements with our branches for their payments and the Bank is now using its expertise in the private sector as well.

Crédit Populaire d'Algérie also negotiates finance for public and private companies in industry, trade and the service sector and conducts all forms of foreign business.

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tel. 63.28.55/58**

**Telex : CREPOPAL 52.512
Foreign Department CREPOPEX 52.741**



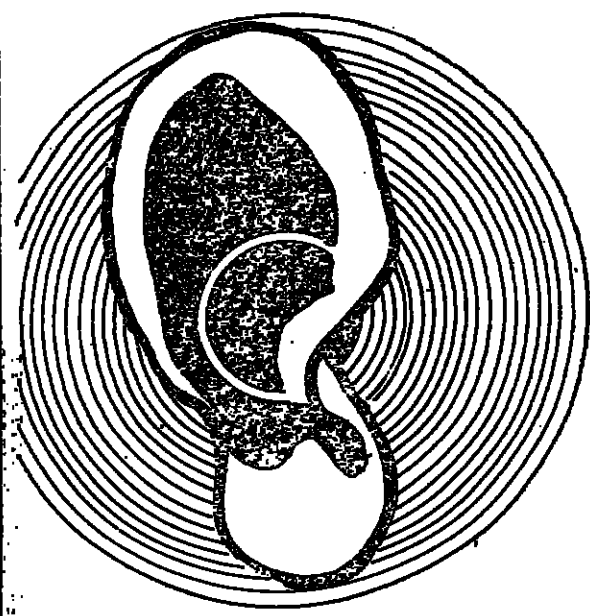
Etablissement National de Banque au capital de 45 millions de dinars créé par ordonnance n° 66.366 du 29.12.1966

Le deuxième plan quadriennal 1974/77 prévoit 110 milliards de dinars de Travaux de Réalisations. Le Crédit Populaire d'Algérie a une connaissance approfondie de ce secteur. Toutes les Entreprises de Travaux Publics et assimilées du Secteur National sont domiciliées à titre exclusif auprès de nos guichets. Cette spécialisation, s'élargit au secteur privé.

Le Crédit Populaire d'Algérie assure, par ailleurs, le financement des Entreprises Publiques et Privées des Secteurs Industriels, Commercial et de services et exécute toutes les opérations de Commerce Extérieur.

**Direction Générale : 2, Bd. Cl. Amirouche - ALGER
Téléphone 63.28.55/58**

**Telex : CREPOPAL 52.512.
Département Etranger CREPOPEX 52.741.**



RADIO-DIFFUSION TÉLÉVISION ALGÉRIENNE

21 Boulevard des
Martyrs, ALGIERS

Broadcasts in Arabic
from 1 September 1974
to 30 April 1975.

To West Africa
11,810 kHz - 25.04m
21,565 kHz - 13.91m
15,160 kHz - 19.78m
17,790 kHz - 16.86m

To the Middle East
11,965 kHz - 25.07m
17,745 kHz - 16.90m
9,685 kHz - 30.98m
15,370 kHz - 19.38m

International network
11,910 kHz - 25.18m
17,825 kHz - 16.83m
15,420 kHz - 19.46m
21,715 kHz - 13.83m

To Europe—long wave
254 kHz - 1,200m

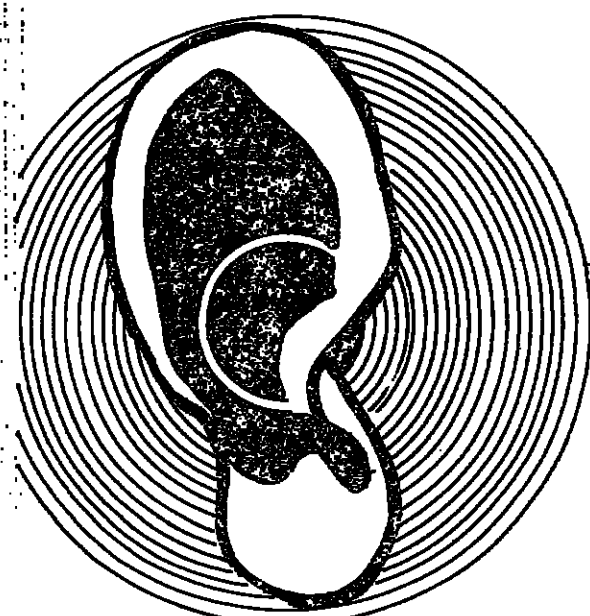
Standard national network
covering Northern Algeria.

1974—a network of trans-
mitters covering the southern
part of Algeria is being estab-
lished, linked by satellite.



TUNE TO R.T.A....

...TUNE TO THE VOICE OF ALGERIA



RADIO-DIFFUSION TÉLÉVISION ALGÉRIENNE

(Sigle)

21 Boulevard des
Martyrs-ALGER

Emissions en langue
arabe pour la période
allant du 1 Septembre
1974 au 30 avril 1975.

A destination de
l'Afrique Occidentale
11 810 kHz - 25.04 m
21 565 kHz - 13.91 m
15 160 kHz - 19.78 m
17 790 kHz - 16.86 m

A destination du Moyen-
Orient
11 965 kHz - 25.07 m
17 745 kHz - 16.90 m
9 685 kHz - 30.98 m
15 370 kHz - 19.38 m

Chaine internationale
11 910 kHz - 25.18 m
17 825 kHz - 16.83 m
15 420 kHz - 19.46 m
21 715 kHz - 13.83 m

A destination de
l'Europe — Grandes
ondes
254 kHz - 1 200m

Réseau national unifié sur le
nord du pays.

1974 — Implantation d'un
réseau d'émetteurs dans le
sud du pays — liaisons par
satellite.



ÉCOUTEZ LA R.T.A....

...ÉCOUTEZ LA VOIX DE L'ALGERIE

ENC

ENTREPRISE NATIONALE DE COMMERCE,
D'OUTILS, DE QUINCAILLERIE ET
D'EQUIPEMENT MENAGER

TRADE: GOOD MANAGEMENT AND GOOD POLICY

Good management and good policy: a policy of supplying the Algerian market with small hand tools for farming, building, engineering, carpentry, electrical work and other sectors; a policy of meeting every domestic and community need for household articles, tableware, and kitchen equipment—china, glass, cast iron, iron, steel, aluminium and enamelled items!

To implement this policy, ENC has planned for investment amounting to more than seven thousand million Dinars.

Its imports in 1973 totalled 228 million Dinars;

Its imports in 1974 will total 272 million Dinars.

Its main objective, nonetheless, is to distribute goods produced in Algeria.

Through the persistent efforts of ENC, Algerian products are used in every home and every community in the national territory.

As Algerian output increases over future years, the surplus will be exported. ENC will be responsible for marketing Algerian domestic goods all over the world!



ENC

ENTREPRISE NATIONALE DE COMMERCE,
D'OUTILS, DE QUINCAILLERIE ET
D'EQUIPEMENT MENAGER

LA BONNE DIRECTION.... DANS TOUS LES SENS

Pour Assurer l'approvisionnement du marché National en matière de petit outillage à main pour les secteurs agricole, Batiment, mécanique, menuiserie, électricité. Etc... Faire face à tous les besoins de ménages et des collectivités en articles de ménage, de table, de cuisine, qu'ils soient en céramique en verre, en matières annexes, en fonte, en fer ou en acier, en aluminium ou en fonte émaillée!

Pour atteindre ses objectifs, L'ENC a programmé plus de sept milliards d'investissements—

A l'importation, elle a réalisé 228 Millions de DA en 1973 Et 272 Millions de DA en 1974.

La diffusion de la production Nationale en ces matières est, et demeurera son principal objectif.

Grace à l'action quotidienne de L'ENC, cette production est diffusée dans tous les ménages et les collectivités à travers le territoire National—dans l'avenir, au fur et à mesure que cette production augmentera et que des excédents seront dégagés: L'ENC aura à charge de les commercialiser à travers le monde!

CAISSE ALGERIENNE d'ASSURANCE et de REASSURANCE (CAAR)

The Caisse Algérienne d'Assurance et de Réassurance, a State insurance and reinsurance enterprise, was set up in 1963 under the Ministry of Finance. It is one of the principal financial institutions of the independent State, Algeria.

The CAAR was set up under Act 63,197 of 8 June 1963 in the form of a State commercial undertaking with the principal task of handling the compulsory reinsurance requirements of insurance companies operating in Algeria.

The CAAR was authorised to engage in insurance business on its own account in a departmental order dated 26 February 1964. It is active in all branches of insurance within the State monopoly system instituted by Ordinance No. 66, 127 of 27 May 1966.

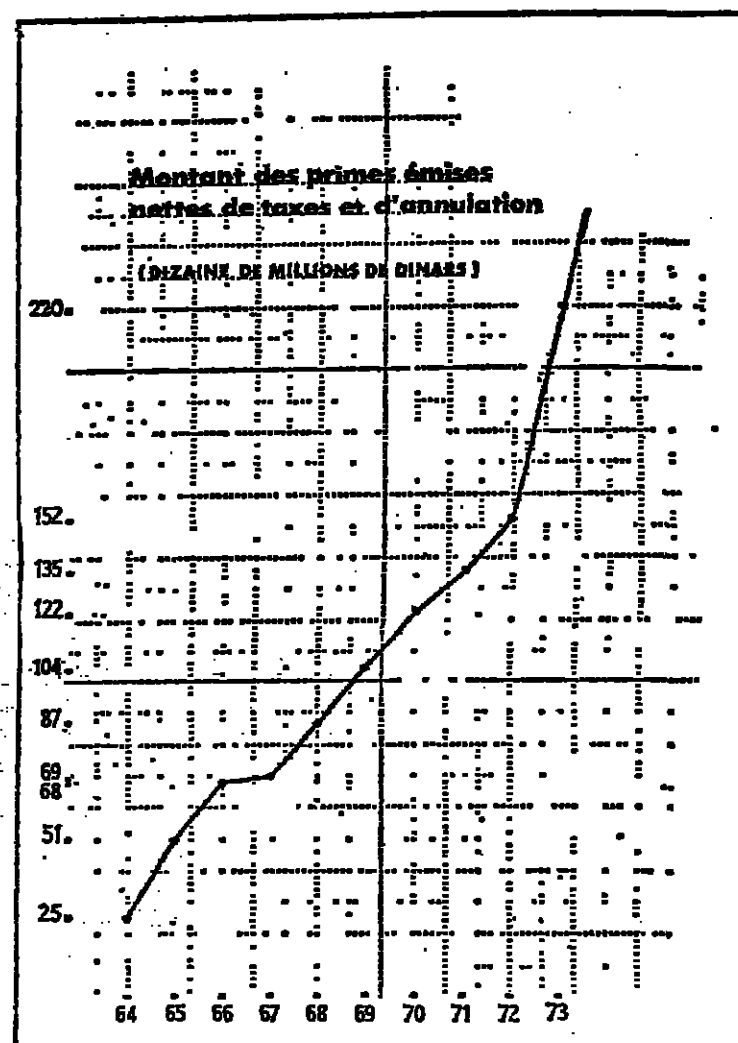
Since its formation the CAAR has made an annual contribution to the national budget, and it also makes considerable sums available to State funds. It is now approaching its eleventh year of operations and has technical reserves amounting to 400 million Algerian dinars.

It is therefore making an appreciable contribution to the financing of investment programmes.

A total workforce of 1200 is employed in the Head Office and branches. The great majority of industries in course of development, as well as those already in operation, are insured by CAAR, which also provides the cover ships and aircraft of the State's commercial shipping line and airline.

The CAAR handles more business than any other insurance institution in Algeria and is also among the leading institutions in Africa and the Arab world.

From 1964 to 1973, turnover rose from 25,071,580 to 220,644,454 Algerian dinars.



The table and graph above show the development of turnover over the ten years.

During the first four-year period the CAAR received in premiums a total of 625 million Algerian dinars, net of cancellations and tax, or an average of 156 million.

It should be observed, however, that business improved sharply in 1973, with the growth rate recorded was 41.30% compared with the total volume of premiums paid in the preceding year.

The importance of this growth rate deserves to be underlined, in that it was the first time since the State monopoly was established that such performance has been recorded.

During the last four years, turnover has doubled from 103 million dinars to more than 220 million dinars.

Mention should also be made of the successful outcome of the complete reorganisation of the network of independent agents.

Conditions for this reorganisation could not have been more propitious, since there was a marked increase in the volume of business during the same period.

Furthermore, since the reorganisation was preceded by the implementation of an overall professional training policy, there has been an improvement in the quality of service offered, particularly in regard to speed of settlement of claims.

At the same time working conditions and the appearance of insurance offices were greatly improved by the acquisition of better-placed premises.

In parallel with the drive to increase the volume of business in the different branches of insurance successful efforts have been made to diversify, and this helped to achieve a satisfactorily balanced portfolio.

This has been achieved by the promotion of branches of insurance other than motor. Before the four year plan motor insurance accounted for 60% of business, but by 1973 it represented only 43%.

Finally, although more—and better qualified—staff is now being employed in the branch offices, the incidence of overheads has fallen from 18.40% in 1967 to 9.28% in 1973.

OUTLOOK UNDER THE NEXT PLAN

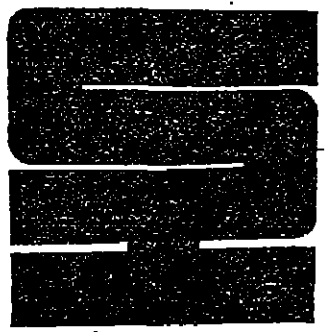
In view of the scope of the second four-year Plan, which envisages four times the volume of capital investment provided for in the first, it is reasonable to assume that the growth rate in the CAAR's volume of business will greatly exceed.

The branches which are expected to grow most rapidly are, in order of importance:

- Maritime
- Ship's hulls
- All risk insurance, construction sites
- Industrial fire and public liability

هكذا من الأصل

ADVERTISEMENT



SONATRACH

GAS AND OIL—A STRATEGIC ROLE IN THE ALGERIAN ECONOMY

Algerian energy policy as a sound basis for economic development

Algeria, a country that produces oil and gas, has taken the decision to use its hydrocarbon resources as a cornerstone in building up its national economy. At a very early stage, it was realised that an energy policy must be formulated and implemented to promote and speed up the process of economic and social development.

As part of its unprecedented efforts to lay the foundations of a modern economy, it is a matter of principle to Algeria that it should use its natural resources to the full.

Energy, more specifically gas and oil, has a strategic role to play in the development of the Algerian economy in more than one respect:

- it is a source that can be used to accumulate the capital required to support general investment outlay;
- it provides the material basis for the establishment of industrialisation;
- it is a general factor promoting economic and social progress at all levels.

In view of Algeria's history and its political decisions, its energy policy should be seen as one of the tenets of its overall development doctrine. The field to which energy policy applies, therefore, includes the whole process of petroleum and gas production, their development and their deployment in the service of the national economy.

A brief review of the general situation in the oil industry during Algeria's first few years of independence will help to clarify the origins and development of Algerian oil policy.

From 1955—the year in which oil and gas were first discovered in Algeria—the impetus for and control of industrial development were provided by foreign companies, most of them French, under a system of concessions embodied in what was known as the Saharan Oil Code.

The code governed the activities of companies engaged upon hydrocarbon research, production and transportation. It was reviewed in 1962 and extended in its existing form on a provisional basis until 31 December, 1965 by the Evian Agreements.

Nevertheless, the Algerian Government very soon realised the need for a national petroleum policy which would reflect the objectives of this independent state and meet its most urgent needs.

In particular, the Government's concern was justified by the fact that, since 1962, the country's growth potential and the contribution of energy to the economy were being seriously compromised by a deceleration, and subsequently a virtual stoppage, in exploration work by the concession holders. In addition, the tax arrangements were extremely favourable to the foreign companies, resulting in stagnation in the state's earnings from oil.

At the same time, the newly independent state was facing grave problems arising from economic and social under-development and it wished to mobilise all its resources to build up a self-reliant and prosperous economy together with the hope of a fair standard of living for all its people.

A clear cut policy

Since it had decided to embark upon this course of action, Algeria could no longer adapt to a situation in which its natural mining and energy resources continued to be exploited and controlled by companies which, despite all their good intentions, were none the less by definition indifferent, if not opposed, to the concerns and higher aspirations of the Algerian national community, which they saw as being against their own interests.

These, then, were the motivating factors for the Algerian state in the general context. The Government outlined a general policy with clear-cut principles and objectives, while at the same time it made practical plans for its conduct and implementation.

In the pursuit of this objective, a number of guidelines have been laid down as follows:

- (a) the country's energy potential must be used to the maximum by renewed exploration efforts, the main aim being to increase its reserves of oil and gas;
- (b) there must be systematic improvements in

the exploitation of oil and gas resources, to produce the financial resources and means of payment needed to support investment in other sectors of the economy;

(c) the oil and gas industry must become one of the mainstays of the process of industrialisation in the country, by the establishment of a complete local network of hydrocarbon by-product concerns;

(d) the oil industry must be more closely integrated into the rest of the national economy, breaking with the tradition of under-developed countries in which oil is controlled from outside and is insulated from other economic sectors. The interaction between the oil and other sectors caused by an intensification of the flow of goods and services between them will be mutually beneficial and will lead to more dynamic growth in the economy as a whole;

(e) the hydrocarbon industry must provide sufficient supplies of fuel and natural gas to satisfy the country's needs at the lowest possible cost, thus stimulating general economic development and providing the Algerian consumer with modern forms of energy at a price that he can afford;

(f) although the public sector will act as the instrument of oil policy, there will be no wholesale rejection of all forms of outside cooperation. On the contrary, in promoting the growth of Algerian industry great reliance is being placed upon international co-operation: Algeria is closely involved in the flow of international trade in goods, capital and techniques.

In the oil sector, it is Algerian policy to encourage foreign participation where it is needed, provided that the contribution made is beneficial and is not accompanied by a stranglehold over the sector or its domination in a manner incompatible with the nation's basic objectives. In any such participation, there must be a fair balance of rewards: in exchange for its effective support, the foreign partner will receive adequate remuneration in proportion to the industrial risk incurred.

Before the objectives that had been formulated could be put into practice, a number of conditions had to be satisfied: procedures had to be evolved for intervention by the authorities and a political and legal framework had to be established to govern the relationships between the state and foreign companies setting up in Algeria.

One of the first priorities was to provide the state with an instrument through which it could take action. A firm footing had to be created at every level of the oil industry so that policy formulated by the Government could be implemented at each stage. That instrument was the national company formed with the name of SONATRACH, whose original objects were restricted to the transportation and marketing of hydrocarbons, although they were extended to all oil industry activities in 1966.

A fairer share

Of equal urgency was the need to redefine the role of foreign interests in the exploitation of the country's natural resources. It had rapidly become apparent that it would have been quite incompatible with the political and economic options of an independent Algeria to continue with the arrangements inherited from a former colonial power.

As soon as it had gained its independence, Algeria clearly affirmed the principle of its full and undisputed sovereignty over its own natural resources. It announced its intention to make radical changes to its relationships with concession-holding companies. There was to be a fairer distribution of the income created by the exploitation of its wealth; foreign financial concerns were expected to contribute effectively towards the nation's efforts to build up its economy; and the state was to have a predominating share in decisions and the conduct of operation.

Algeria and France then embarked upon negotiations which culminated in the agreement of 11 July 1965. By this compromise settlement, the concession holders were allowed to conserve their rights for a limited period (with a few changes of a fiscal nature), in exchange for cooperation with exploration in a vast mining area, the concession being granted to a joint Algerian-French partnership (cooperative association). The agreement also provided for a French financial contribution to Algerian economic development and

French government participation in a project relating to the export of natural liquefied gas to the French market.

The agreement was for 15 years and it was to be renegotiated after a preliminary five year period. In practice, however, the first five years proved to be a disappointment for Algeria. Without going into the detailed history of Algerian-French oil relations during this time, the original plan for cooperation between the two countries proved to be unworkable, the companies involved being in essence groups with special interests of their own governed by a strategy whose rationale was alien to the political thought underlying the agreement of 1965.

Because of this, while Algeria scrupulously complied with all the terms of its contract towards the concessionary companies it failed to receive the true and adequate return that it was entitled to expect in the development of its energy potential and participation by French concerns in the industrial plans it had outlined.

This basic conflict between the interests involved inevitably led to a profound rift in Algeria-French oil relations in 1970 and 1971.

In the light of its experience and in view of the failure of negotiations in 1970, Algeria decided to take over effective control in the oil industry as a whole through a 51% majority holding in the capital of concessionary companies and through total nationalisation of natural gas and pipeline transportation.

The Algerian state's decision to nationalise, reached on 24 February 1971, was the culmination of the severe crisis that had arisen between the two countries. When the national company, SONATRACH, signed agreements with Total-Algérie in June 1971 and with Elf-Erap in December 1971, the situation was finally ended and relationships between these companies and Algeria could return to normal.

In the meanwhile, in April 1971 the Algerian Government issued a new basic law on hydrocarbons, abolishing the Saharan Oil Code arrangements and stating the principle that the state would have a majority holding in any future hydrocarbon research and exploitation operation.

This meant that Algeria was not forced to resort to force to obtain control over the use of its national resources until all its attempts to negotiate had failed—first between 1965 and 1969 with the English-speaking companies, later with the French concerns in 1970.

The forms of partnership proposed by Algeria at the time were seen as exorbitant and unacceptable by the companies, who rejected the terms on the outdated grounds that they had established rights.

Nevertheless, the agreement signed by the Getty company and Sonatrach in 1968 constituted a model for the type of relations which Algeria now hope to establish with other concessionary companies.

Two basic principles

Today, now that the concept of state participation and control of oil is rapidly becoming generally accepted in many Western European countries, we can survey how far we have come and conclude that certain "heresies" may often be no more than the expression of a proper appreciation of matters in a rapidly changing world.

The phases in the development of the national company, SONATRACH, are milestones in the path that has led to an Algerian petroleum policy. Bearing in mind the vital dates in the history of the company and the general direction in which it has moved, Sonatrach's role is founded on two basic principles:

It has been set up to be the instrument for the development of the Algerian oil industry;

it has become one of the instruments for the country's industrial policy.

In furtherance of these two basic principles, SONATRACH has not only played a part in developing the oil industry in Algeria and in the gradual acquisition of control over the hydrocarbon sector but it has also, acting as the agent for the state's industrial policy, embarked upon a vast programme whose aim is to promote the optimum use of energy resources to the benefit of economic and social development in Algeria.



SOCIÉTÉ NATIONALE DE
MANUTENTION

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SOCIÉTÉ NATIONALE DE
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la SONAMA c'est
le monopole de la manutention portuaire
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Priority now is to develop resources for higher returns

by David Blake

Oil pays Algeria's piper, and it is oil which firmly calls the country's tune when it comes to deciding the nation's investment priorities.

In 1973, before the big increase in oil prices had increased its importance still more, the hydrocarbon sector dominated industry. Hydrocarbons accounted for 56 per cent of industry's turnover, and more than 95 per cent of its exports. In return for not contributing more than £1,300m a year to state coffers (more than half of all revenue) the industry has received the lion's share of investment. More than 40 per cent of industrial investment went into oil and gas in 1973, and this percentage will be maintained right through the current four-year plan which ends in 1977.

In spite of its vital importance to the economy, Algerian oil production does not compare with that of the real giants of the oil world, such as Saudi Arabia or Kuwait. Output this year is expected to be just over 50 million tons, which is expected to rise to just over 70 million tons by the end of the decade. This fairly limited output reflects the limited scale of the country's reserves, which on the Government's estimate have been put at 1,200 million tons.

The country's economic outlook reflects both the increasing importance of oil in the modern world and the relative backwardness of the other sectors of the economy which Algeria inherited. Along with this central economic importance, the Algerian oil industry has held a key role in defining the country's relations with foreign nations, and most of all with France. It was during the French rule of the country that oil was discovered in the Sahara, and during the long struggle for independence, the question of who should be allowed to develop it and to gain the benefits was one of the hardest issues to resolve.

Algeria emerged as an independent nation with a policy towards its oil which was in many ways more nationalistic than that of other oil producers. Further east, but which at the same time forced it, under the Evian Agreement which created it as a state, to guarantee the continuation of the favourable terms which had been granted to exploring oil companies by the French Administration. That the most favoured companies were themselves French added further to Algeria's bitterness.

The first Algerian reaction was to seek to live with these agreements, which gave the Government an unusually small tax return, and to try to seek its own reserves through exploration by a new state-owned company, Sonatrach. Although it met with some success, this policy was effectively doomed to failure by the fact that there are any fields which compare in importance with the Hassi Messaoud field already discovered and allocated by the French.

The first step in the country's new, more aggressive policy which soon put Algeria in the forefront of the Arab countries pressing for a more nationalistic stance in their dealing with the oil companies, came in 1965. Under decrees announced then, ownership of all the country's hydrocarbon reserves came into state hands, and a new formula was set up for dealings with foreign companies.

The new rules were particularly hard on non-French companies such as Phillips, Esso, Shell and other smaller companies. They were assessed on the Opec posted price system, instead of the more generous arrangement which they had been allowed, and they were forced to retain all their profits in Algeria. New financial rules also made it more difficult for them to invest more capital in the country.

The terms given to the French, on the other hand, were far more generous. Compagnie Française des Pétroles (CFP) and ERAP, the two firms who had heavy investments in the country, were given a number of special concessions. The price

on which they were assessed for tax was 26 to 27 cents a barrel below that used for the other companies, and an agreement between Sonatrach and ERAP set up a partnership to develop the Sahara reserves together. Most important, the French firms were allowed to remit half their profits to France, an issue which was to assume increasing importance later in the decade, as foreign exchange became increasingly necessary to finance the country's ambitious development programme.

It was, however, the non-French companies who were once again to feel the turn of the screw, as the 1967 war provided increased importance to any oil reserves west of the Suez Canal. Distribution and marketing of oil was a case in point. A campaign began to buy out the local operations of the international oil companies. BP sold its operation in early 1967, and was rewarded by receiving more generous terms than those which were offered later that year and in 1968.

By 1969 Sonatrach had pushed up its share of production from 11.5 per cent in the mid-1960s to 17.75 per cent. In 1970, with further deals, the proportion had gone up to 31 per cent. But the plans to increase state participation ran up against the strong position of the French companies, which seemed to the Algerians to be in no hurry either to get on with exploration and development or with negotiating a new deal with the Government.

The crunch came in February, 1971, when the Algerians expropriated all the French interests, provoking a French boycott of their production. Output that year dropped from 47,200,000 tons to 36,300,000 and the French sought the support of other oil companies in their dispute. But they got little backing, both because they had been among the first to sign agreements with other countries which nationalized British and American firms, and because of the privileged position which they had enjoyed in Algeria.

By June, the two French companies were forced to sign agreements on unfavourable terms. CFP was allowed to become a 49 per cent partner with Sonatrach, allowing it to take about half its former production of 14 million tons a year. ERAP was forced to take an even bigger cut, from 18 million tons to six million. Back taxes of \$80m claimed by the Algerians more than wiped out the \$37,400,000 the company received in compensation, so that it also had to hand over some 12 million tons of crude instead of re-

ceiving the \$30m net over for tax was 26 to 27 cents a barrel below that used for the other companies, and an agreement between Sonatrach and ERAP set up a partnership to develop the Sahara reserves together. Most important, the French firms were allowed to remit half their profits to France, an issue which was to assume increasing importance later in the decade, as foreign exchange became increasingly necessary to finance the country's ambitious development programme.

With that out of the way, the Algerians have been pursuing two other targets which they regard as of prime importance. These are the development of resources—by finding reserves, exploiting them and getting a petrochemical and refinery capacity installed—then in getting a better price for their oil.

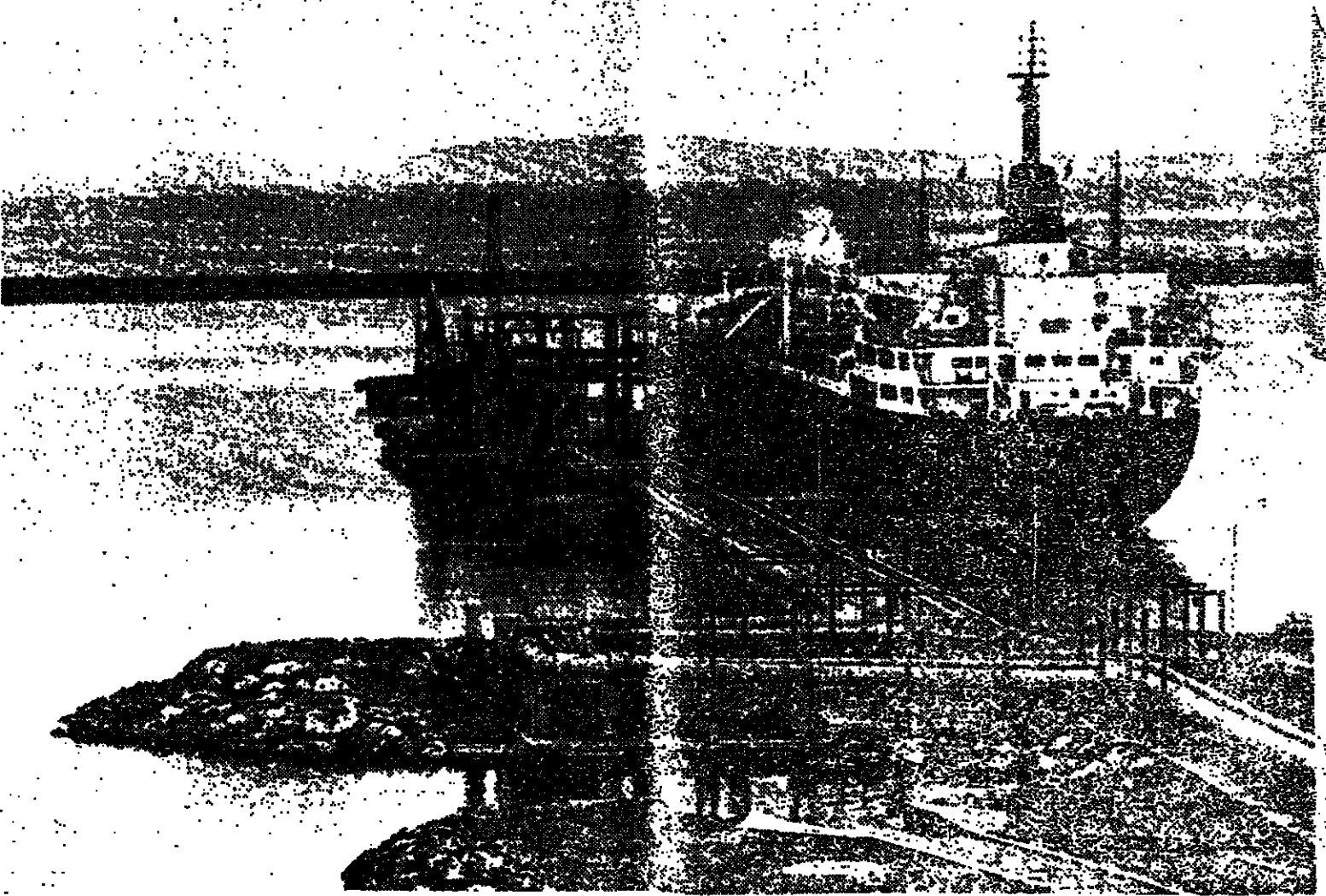
Investment and prospecting are scheduled to get even more money during the second plan than they received during the first one, in an effort to increase the country's reserves and get them out of the ground. Major efforts have also been made to increase the country's refining capacity. In the west, a Japanese group has built a 2,500,000-ton-a-year plant, while a contract has just been signed with a subsidiary of the Italian ENI group to build a huge 15 million tons a year refinery in Skikda at the east, which will allow increased exports of refined products and make it easier to carry out the policy of providing cheap fuel to Algerian industry.

So far the petrochemical industry has shown a less rapid development, concentrating on fertilizer manufacture from natural gas at Arzew and a complex in the city which produces intermediate products such as methanol. But more ambitious schemes are afoot, including a huge plastics complex at Skikda with seven units producing products such as pvc, which should come into operation at the end of 1975 or early 1976.

But although these efforts to transform their crude oil into more valuable products are important, the oil industry, and because of the country's economy, depend on the world price for crude remaining near its present level or going up again. Algeria has always been one of the keenest supporters of higher oil prices, arguing that the rich countries of the West have got their energy too cheaply for too long.



Installations at the Hassi R'Mel field, the biggest of Algerian gas finds. Two thirds of the country's known reserves are—2,000 million cu metres of gas, one of the largest fields in the world. Below: a methane tanker loading at the port of Arzew.



Decline in French dominance as pattern of trade changes

Algeria's external trade has been growing rapidly in the years since independence, and as it has grown it has changed. Exports, once mainly wine and citrus fruit produced for the tables of France, are now overwhelmingly dominated by oil and gas which go all over western Europe.

Imports, once consumer goods for the settlers who had the money to bring them from home, have become heavy investment material needed to complete some complicated plant or other.

First, the increase in volume. Between 1970 and 1973 there was an increase of 30 per cent in external trade, some of it accounted for by increases in prices but some of it reflecting real increases in the quantity of goods sold. Over the four-year period exports reached 25,000m dinars and imports were 30,700m dinars. But if we look at the figures for 1973 alone the picture becomes much more favourable.

Exports were 9,500m

dinars while imports were 10,500m dinars, showing not only that trade was speeding up but also that the gap between exports and imports was closing rapidly and has now moved into surplus.

If we look at trade between Algeria and Britain, which in 1972 exported goods worth £33.3m to Algeria and bought products worth £22.9m in exchange, it is easy to see why. Last year, while British exports were rising slowly to reach £37.9m, Algeria's exports to Britain doubled to reach £45.7m. Most of this increase was accounted for by the jump in the price of oil, which accounts for 88 per cent of Algeria's exports to Britain, along with its natural gas.

The British figures also illustrate the other two characteristics of the changing nature of the Algerians' trade: they are dealing with a far wider range of people and they are buying and selling a different range of products.

One of the most striking things about the country's trade in the last few years has been the decline of the

French dominance. In 1968 the French took 55 per cent of Algeria's exports and provided 57 per cent of its imports. By 1972 their share in sales to Algeria had fallen to only 30 per cent, registering an actual drop not just in share but in the value of their sales as well, from 2,274m dinars to 2,020m dinars.

The drop in French imports from Algeria, partly affected by a hangover from the abortive boycott in 1971 after Algerian nationalization of the French oil companies, was even more startling. Algerian sales went down from 2,264m to 1,363m dinars or only 23.3 per cent of total exports.

As well as the negative factors of the oil boycott and a gradual reduction in Algerian earnings from wine sales there were other reasons for a break-up of the partnership. On the export side the Algerians found increasingly profitable markets for their oil elsewhere, most notably in West Germany, which has registered a huge increase in trade with the country. The factors working against the French when it comes to selling to Algeria have been partly political, arising from a natural desire to break free from the ties of trade which are seen as a continuation of colonial links, and economic pressure. The economic factor has been that something like three-quarters of Algerian imports have been either of capital goods or raw materials, in neither of which the French are notably strong.

Out of the 10,000m dinars of imports in 1973 40 per cent were capital goods, and the nations which did best were those with a tradition for supplying them: above all the Germans, but also the Japanese and the Italians, who have built up a profitable line in providing the Algerians with which the Algerians have been busily equipping themselves.

On the consumer goods side the Algerians have shown little willingness to expand their purchases. Of the 2,500m dinars worth of consumer goods imported in 1973 nearly 70 per cent were foodstuffs.

This reflects three things. The first is the continuing inability of the agricultural system to change to producing the kinds of foods which the country needs in increasing quantities for its growing population. The most obvious of these are cereals and dairy products, and it is unlikely that there will be any great improvement in this situation in the near future.

The second is the rapid surge in food prices last year, averaging 180 per cent, for products whose consumption is notoriously resistant to any curtailment caused by rises in price. Bread plays such a central role in the Algerian diet that any rises in wheat prices are bound to be seen in increased import figures almost directly.

The third is the small quantity of imports of other consumer goods. Luxury goods are not imported at all, and high duties and the lack of disposable income hold down the sales of other consumer products or force companies to make them in Algeria under licence.

whole to confirm its orientation towards western European bours, and this is likely to continue throughout current plan. So, too, emphasis on investment goods, though the rise nutritional standards likely to give a further impetus to food imports, which are expected to increase per cent by 1977 over today's prices.

However, the country clearly keen to export trade with other countries and in spite of frosty relations with the United States is still a major partner, ahead of the whole of the Eastern world when it comes to the market for Algerian goods and more than 70 per cent larger than the Soviet Union as a source of imports.

One striking fact is that although Algeria wishes to diversify its relations with black Africa for the volume of business between the Algerians and their neighbours in south is small.

The structure of Algeria's trade has tended on the

Conditions change but natural gas still lifts prosperity

هكذا من الأصل

Gas used to be the elation of the oil with it is so often found. Many wells it was found to burn off in the here, like some irritant which has to rid of if the oil is to be loved.

Other places it was a rock-bottom price, cation of the ruling by American Federal Power Commission that it was so variant as a factor in lining exploration should be treated as a by-product.

That has changed now. Few countries have reason to feel more ill for the fact than which is likely to be the world's biggest by 1980. Whereas reserves, though use fairly small by standards, its of natural gas put up in the world less.

According to estimates by the Oil and Natural Gas Journal, the country's proven reserves of gas are 2,966,000 million cubic metres, or 52 per cent of the world's supply.

Algerian situation as an exporter of gas is stronger than these indicate. Over a half all reserves are in the Soviet Union, many of which are in Siberia and of which accessibility in the few years. And a large of the world's oil is locked in countries which do not have a enough population or to use it all. Only a and Iran have both a and the wherewithal to it.

First gas finds were in 1956, at the time of French Government's to encourage exploration for oil and gas in the, and most of the discoveries were between then and

biggest of them is Hassi R'Mel field, approximately 300 miles from the coast to it is piped. Two of Algeria's known reserves are here, 2,000 million cubic metres of gas—one of the biggest fields in the world and like most Algerian gas it is particularly easy to deal with.

Algerian gas is not mixed with oil, which considers the job of getting it of the ground. And the high methane content (over 90 per cent) makes it a



The liquefaction of natural gas, as in plants like this, made it a practical source of energy and an increasing contribution to Algeria's revenue.

powerful heating source. The technology which makes this gas buried in the sand miles from anywhere a precious fuel is gas liquefaction.

Gas first entered into the realm of practical power supply with an experimental shipment on board a gas tanker from Skikda in Algeria to Canvey Island in Essex in 1959. That was followed in 1964 by the first of the regular deliveries under 15-year contracts to supply a total of 1,500 million cubic metres of gas each year to Canvey and Le Havre in France.

Those contracts have continued successfully, but in the meantime there have been enormous changes both in the ownership of the gas itself and in the list of customers and potential customers.

The first change came as its transfer to the United States and European users. The first of these grew out of the constantly expanding American demand for natural gas—it is expected to increase its share of the market dramatically by the end of this century—combined with a shortage of proven, reasonably accessible finds.

This shortage owes much to past policies of trying to keep gas prices down, which have discouraged exploration. Those policies have rebounded with a vengeance: the price which was agreed in the 1969 contract signed by Sonatrach and the United States company El Paso for natural gas is far higher than the price Americans were used to paying.

Altogether there are a total of six contracts with the Americans which are due to take effect between now and 1979. When they are in full operation they will involve supplying 32,100 million cubic metres. The scale of investment needed to carry out these contracts is huge: the El Paso contracts alone involve an investment of more than \$1,000m and the total programme is likely to cost four or five times as much.

Having been successful in selling their gas to the United States for use along the east coast, which is chronically short of power, the Algerians turned their attention back to Europe.

Late in 1972, after long discussions, they signed their biggest contract ever, with a European consortium which will transmit gas to France, Belgium, Switzerland, Austria and southern Germany (a total of 15,500 million cubic metres a year). They have also reached

agreement to provide 12,000 million cubic metres a year to the Ruhr. These contracts will require a further expansion of terminal facilities, both in Algeria and at Fos and Montfalcone in Italy, where the gas will be taken ashore. But perhaps the most exciting project is that for doing away with the whole cycle of gas liquefaction on Sonatrach's other major contract, that with the Italian company. This would involve building a pipeline under the Mediterranean to take gas across, where it would be fed directly into the Italian system.

The total of these contracts—more than 80,000 million cubic metres a year by 1980—should mean that by 1980 Algeria will be the largest gas exporter in the world.

far all the contracts for building long tankers have been won by the French. In 1970 the Hassi R'Mel, a 40,000-cubic metre tanker was ordered. It entered service in 1972 between Skikda and Fos-sur-Mer on the French Mediterranean coast. This was the first tanker to carry the Algerian flag. At the end of 1972 a systematic policy of ordering new tankers began. The first batch of four was commissioned at the end of 1973 from various French shipyards. All four were larger than 125,000 cubic metres and delivery of the vessels is to start in 1976. In May this year a fifth tanker was ordered. Other orders will follow and though French shipyards have won almost all the so far there is no reason why other nations should not become involved in a later stage.

Finance came from the Organisation for Economic Co-operation and Development, with a further loan of \$200m from a consortium of international banks which were prepared to cover the cash outlay needs during the construction period. CNAN's complaint is that these loans are far too short in term and too costly. Appeals have been made to the main buyers of Algerian gas to help with the financing, but not a single country has shown itself interested.

The Government now says that because of this lack of cooperation the cost of its gas will be much higher. Strangely enough, though oil prices have increased in line with world prices since the Middle East war, Algeria has still not renegotiated its gas contract prices.

It sold its first 100 million cubic metres a year contract to El Paso for 42 cents per 1,000 cubic feet, but no price has been agreed for the new European contracts and negotiations are still continuing with the United States. The final price is expected to be in the region of \$1.20 per 1,000 cubic feet. Meanwhile CNAN is pressing on with a complete programme for the training of Algerian officers, engineers and crews at the Higher Institute of Merchant Marine. Last year the first graduates of the institute received their diplomas. From next year onwards the institute is expected to be able to supply all specialist staff required by the world's shipyards and so

Pipeline to Europe in prospect

by Alan Rake

Studies are now going ahead to see whether it is practicable to send gas, potentially Algeria's greatest source of foreign exchange, to Europe by pipelines under the Mediterranean. Pipelines would deliver the gas direct without liquefaction. They would also be cheaper in the long run, provided that a large volume of gas was transported.

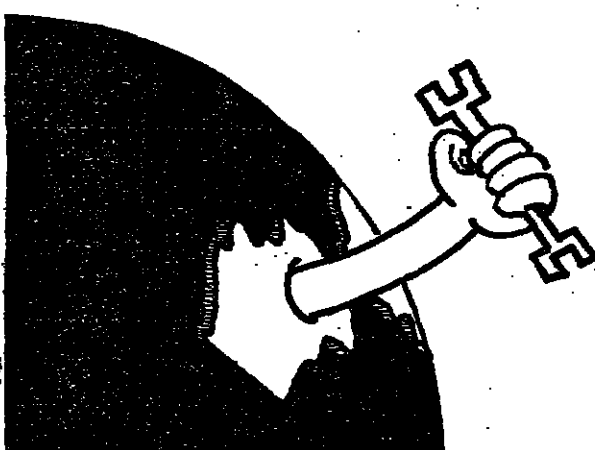
Two plans are being considered: one by the Algerian-Italian SONEL group for a pipeline by way of Sicily to Italy. This would carry 12,000 cubic metres a day. The other plan is for a route to Spain which would mean building a tunnel under the Strait of Gibraltar large enough to take several pipelines. This project would be in progress by about 1976-77.

Meanwhile most gas will be transported by liquefied natural gas (LNG) tankers. In a world where there are scarcely more than 10 LNG tankers actually in operation, where no country has established a decisive lead, Algeria is determined to take its share of future profitable operations. This is in line with Algerian policies of participating in all aspects of the petroleum and gas business, from first production to final distribution.

The Algerian Government feels that developed countries benefit disproportionately from the transport and distribution of petroleum products. Thus in all contracts with buyers of Algerian gas there is a clause which allows Algeria to transport up to 50 per cent of the gas to its final destination.

There was considerable speculation whether Algeria would be able to go fully into the methane tanker business. This was a question partly of the huge costs of building the specialised vessels and partly of the high technology of the venture, with the need for highly qualified staff. It was frequently said that Algeria would do better to put its scarce manpower and financial resources into other parts of the economy.

But the Compagnie Nationale Algérienne de Navigation (CNAN) was determined to go ahead and order new tankers even if it meant borrowing heavily, at high rates of interest, on the world money markets. Tenders were put out to build the world's shipyards and so



NATIONAL ELECTRICITY AND GAS BOARD

The Société Nationale de l'Electricité et du Gaz (Sonelgaz) has been granted a monopoly by the State of the production, transport, distribution, importation and exportation of electrical energy, and the transport of natural gas by a secondary network of pipelines (1) to effect distribution to the public, domestic and industrial sectors.

The objectives of Sonelgaz

Within the framework of the first 4-year plan 1970-73 and the second plan, 1974-77, at present in operation, the essential aims are as follows:

—To provide the country's energy sector with a solid substructure, to meet the needs of the national economy, notably the rapidly expanding industrial sector.

This first objective is being implemented in the form of an extensive equipment programme such as the creation of new methods of electrical energy production, expansion of high, medium and low tension grids, and in the gas sector, through the creation of a true national network of transport and distribution, in order to give maximum supplies of a

plentiful and cheap fuel to industrial complexes, towns and other such centres

—To play an active part in the national effort to modernise rural areas by supplying these areas with sources of energy that were previously not available. Thus, during the course of the first plan, more than 500 villages were supplied with electricity. This drive will be increased during the second plan.

—To participate also in any promotive action by the application of very low tariffs, especially for natural gas.

The various schemes which have been implemented or are in the process of being carried out, clearly demonstrate the role assigned to Sonelgaz, which is:

To meet the energy needs of a rapidly expanding economy, and to play an active role in promotive action.

(1) Separate from the principal gas pipelines which are intended primarily for use in exporting and managed by Sonatrach.

Representative Statistical Data

These figures, which represent the full spectrum of its activities, also demonstrate the rapid growth of Sonelgaz in conjunction with the rest of the national economy.

	1969	1973	1977	1980
ELECTRICITY				
Output (in millions of Kilowatt Hours)	1 476	2 380	4 750	7 800
Number of Subscribers	685 000	920 000	1 250 000	1 400 000
GAS				
Total supplies (in millions of Therms)	5 131	9 950	25 100	40 850
Number of Subscribers	149 700	230 000	350 000	440 000
ANNUAL INVESTMENT (in millions of Dinars)	147.5	465.2	647.3	
TURNOVER (in millions of Dinars)	262.8	430.0	655.5	
MANPOWER	4 807	6 458	7 502	8 850

SOCIETE NATIONALE D'ELECTRICITE ET DU GAZ

La Société Nationale de l'Electricité et du Gaz s'est vue confier par l'Etat le monopole de la production, du transport et de la distribution, l'importation et l'exportation de l'énergie électrique, le transport du gaz naturel par canalisations secondaires (1) pour la distribution publique, domestique ou industrielle.

Les objectifs de la Sonelgaz

Dans le cadre du 1er plan quadriennal 1970-73 et dans l'actuel 2ème plan 1974-1977 les objectifs essentiels sont les suivants:

— Doter le pays d'une infrastructure énergétique puissante pour répondre aux besoins de l'économie nationale notamment du secteur industriel en très forte expansion.

Ce premier objectif se traduit par un programme d'équipement important tels que création de nouveaux moyens de production d'énergie électrique, développement des réseaux haute, moyenne et basse tension. Dans le domaine du gaz par la création d'un véritable réseau national de transport et de

distribution afin d'alimenter un maximum d'unités industrielles, de villes et centres avec un combustible abondant et bon marché.

— Participer à l'effort national de modernisation des centres ruraux par l'alimentation en énergie de centres jusqu'ici dépourvus. Ainsi au cours du 1er plan plus de 500 villages ont été alimentés en énergie électrique. Cet effort sera accru au cours du second plan.

— Participer également aux actions de promotion sociale par l'application d'une tarification très bon marché notamment dans le domaine du gaz naturel.

Les différentes actions réalisées ou en cours de réalisation mettent bien en évidence le rôle assigné à la Sonelgaz, à savoir:

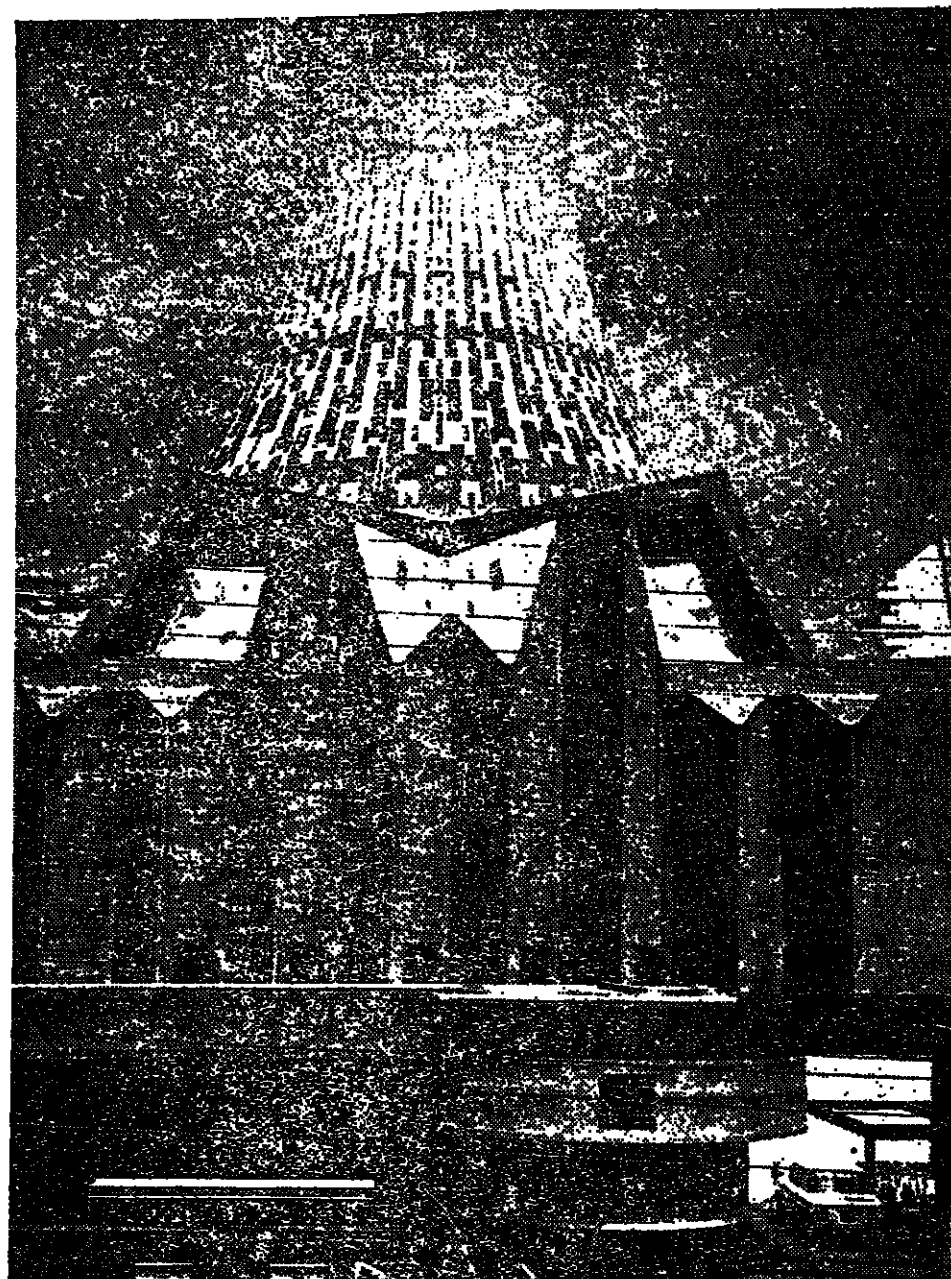
Répondre aux besoins énergétiques d'une économie en rapide accroissement et participer activement à la promotion sociale.

(1) A partir des gazoducs principaux destinés surtout à l'exportation et gérés par la Sonatrach.

Grandeurs Caractéristiques

Les chiffres caractéristiques de l'ensemble des activités traduisent, du reste, la croissance rapide de la Sonelgaz en liaison avec l'ensemble de l'économie nationale.

	1969	1973	1977	1980
ELECTRICITE				
Production (en millions de KWh)	1 476	2 380	4 750	7 800
Nombre d'abonnés	685 000	920 000	1 250 000	1 400 000
GAS				
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INVESTISSEMENTS ANNUELS (en millions de Dinars)	147.5	465.2	647.3	
CHIFFRES D'AFFAIRES (en millions de Dinars)	262.8	430.0	655.5	
EFFECTIFS	4 807	6 458	7 502	8 850



Dramatic transformation has taken place despite impression of French city pickled in aspic

by David Blake

Although it is now 12 years since the French left Algiers, the physical appearance of the town has changed little. The paint on the buildings, most of which are white or cream, is just a little more weathered than it would have been under the colonial regime, but efforts are still made. A few new buildings have gone up, but far fewer than on the other side of the Mediterranean which have seen great flat-building throughout the 1960s.

Many of the streets have kept their French names, bearing tribute to obscure writers whose only claim to fame seems to have been that they died during the First World War. Even those streets which have been renamed, such as the main shopping street, the old rue Michelet, are popularly referred to under the names they had when crowds marched along them chanting "Algérie Française".

Worrying problem of drunkenness

In the cafés, which still for the most part keep their old names, everyone seems to be drinking a French brand of beer or, even more commonly, of *pastis*, adding

to the drunkenness problem which is so worrying for an Islamic state. Even the things which do not work, such as the telephone system, do not work in what seems a characteristically French way.

But this impression of a French provincial city pickled in aspic is totally false; for under the continuity and the superficial similarities with its past, Algiers has undergone a dramatic transformation. The blocks of flats, once the exclusive preserve of the Europeans, have been taken over by Algerian families, many of them moved in as tenants of the Government which took over the property when the former French owners disappeared to Paris and Marseilles as part of the great exodus immediately after independence.

There are still something like 80,000 foreigners in Algiers, most of them Frenchmen who decided to stay behind. But they matter less than they do in most other cities of similar size. Their living standard, usually the prime reward for living abroad, is held down by high rents (for a senior diplomat, a suitable home might cost £1,000 a month to rent, and those working for the private sector have to pay heavily too) and the high cost of such things as imported cars.

They are proud of what they have achieved, and their attitude is not surprising in view of the chaos which Europeans predicted would occur if the trained French ruling class left the country. It is this fierce nationalism,

The luxuries from home, which are available at a price in most places, are just not there because the Government does not approve of wasting foreign exchange to buy them, and the state monopoly will not allow anybody else to do what it does not do itself. The hotels, once famous for their luxury, are more spartan (though no less expensive) and so few that guests are frequently evicted if they try to prolong their stay for more than a week.

Fierce nationalism still alive

One of the prime rules which the country's leaders constantly impress on their people is that the Algerians must rely on themselves, and their attitude towards foreigners does little to weaken the need to do that. In pursuing this policy, they give added strength to one of the most striking attitudes that one comes across recently from Algerians who discuss the progress their country has made since independence.

They are proud of what they have achieved, and their attitude is not surprising in view of the chaos which Europeans predicted would occur if the trained French ruling class left the country. It is this fierce nationalism,

still alive after so long, which does much to explain why there is so little sign of opposition to or criticism of the Government.

No one doubts that if it did occur it would be fairly severely repressed; there are police everywhere in the streets and in the countryside, stopping cars at random to check the identity of occupants and generally making their presence felt, and adding to the mood in which people seem to feel that their telephone will be automatically tapped.

But this is not the real reason for the lack of dissent; it is that most people seem prepared to believe that the regime is doing its best to create a decent society for them and their children, and that its policies are on the whole proving remarkably successful.

The signs of that success are all around them. Many of them remember the days when the main streets were crowded with beggars asking for charity from European shoppers. They are now full of men on their way to work. It is not on the whole well paid work yet, and there is still a large number without a job to go to. But for them too there is hope, because even if they do not get a job this year or next, the year after that as the next stage

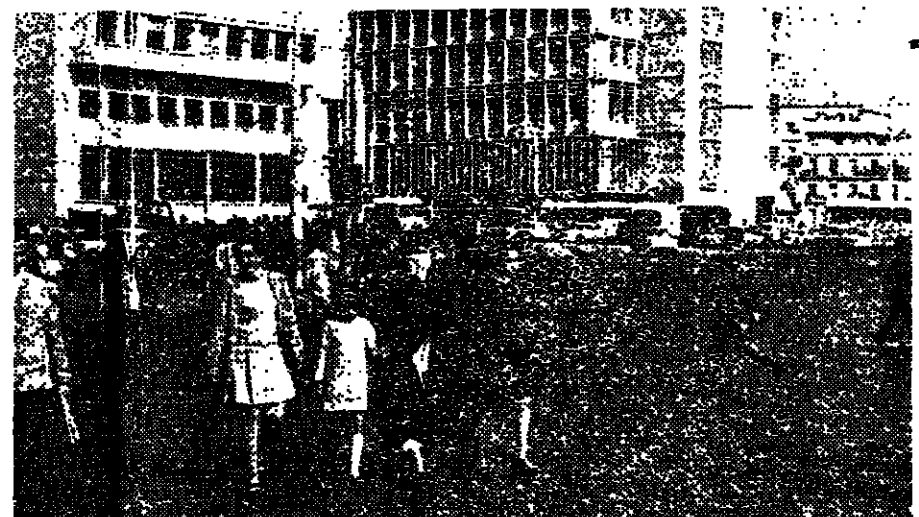
of the plan takes effect there will be yet more employment.

They think, on the whole, too, that the society in which they live is one where the leaders are trying to be fair. Everyone knows that some of the large nationalized corporations pay large bonuses to their top employees, and the people at the top still get first refusal of the luxury villas left behind by the French. But against this the maximum limit on salary does seem to have prevented the emergence of an ostentatiously well-off middle class driving fast cars to smart cafés, and the food subsidies handed out by the Government keep the basics within reach of ordinary workers.

Some things still seem to be changing slowly. The streets are living proof of the extent to which Algerian society is dominated by men, with remarkably few women around and a surprisingly large number of the older ones still wearing the veil, and being copied in their action by a number of younger women. However the overall impression is of a country which is changing rapidly, but still in a way which its leaders can control. The bright young civil servants and managers, many of whom have been thrust into

top jobs in their thirties and clearly thrive on the result, keep coming up with expressions of their confidence in their ability to make the correct decisions and in their basic rightness about the kind of society which Algeria wants to be. They recognize all the problems, like the shortages of trained manpower and virtually everything else, and the capacity of the bureaucracy for adding new delaying tactics to the impressive armoury which the French left them with.

Optimism keeps breaking through. But after the qualifications, the optimism keeps breaking through. The plan will be achieved, the norms will be exceeded and production targets will be met. Housing is a terrible problem for everybody, so there will be a major effort to improve the habitat of the cities and the housing will be built. It is a peculiarly intense self-confidence, strangely at odds with the untidy elegance of the capital in which it is set, which looks as if it has always been slightly decadent. But it is this mood of its people, not the look of its towns, which seems to give the key to the way the country is moving.



Algiers is a combination of European and Arab traditions. Top left: part of the capital city is dominated by this modern mosque which looks more like the cooling tower of a power station. Top right: night skyline. Centre: street scene. Above: outside the main post office.

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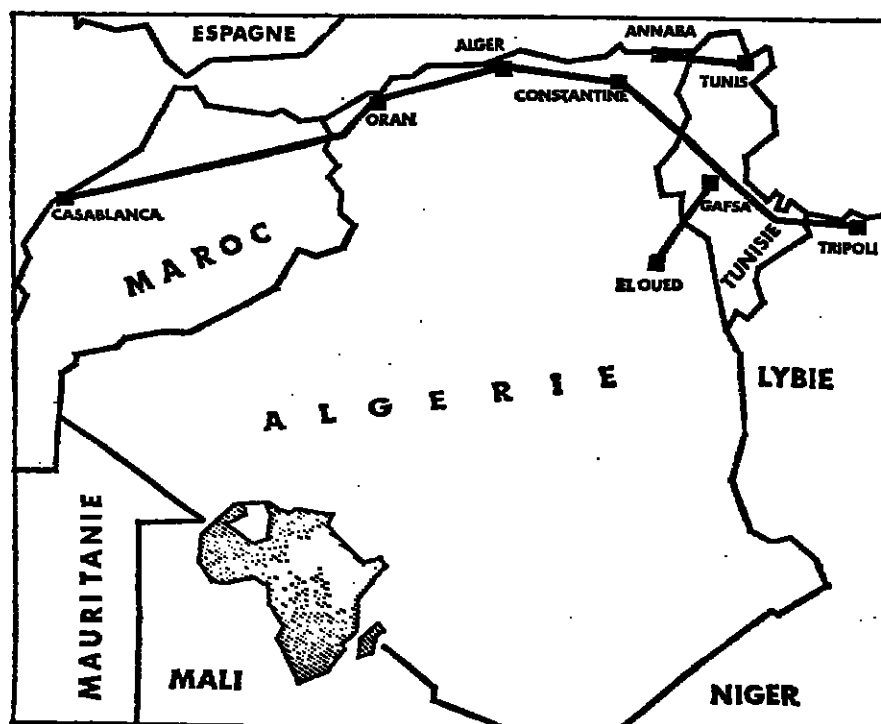
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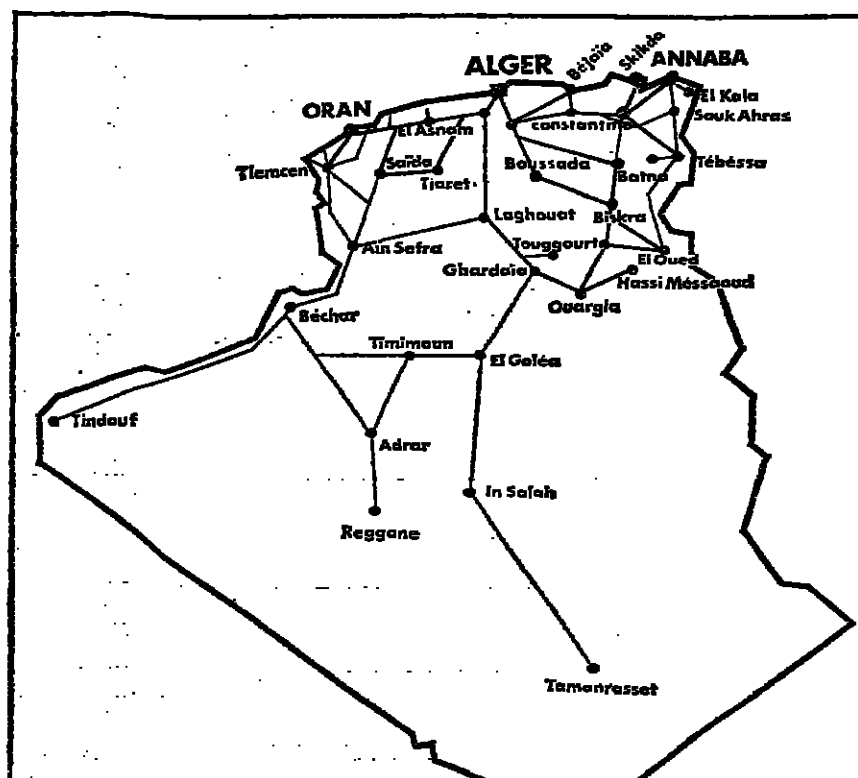
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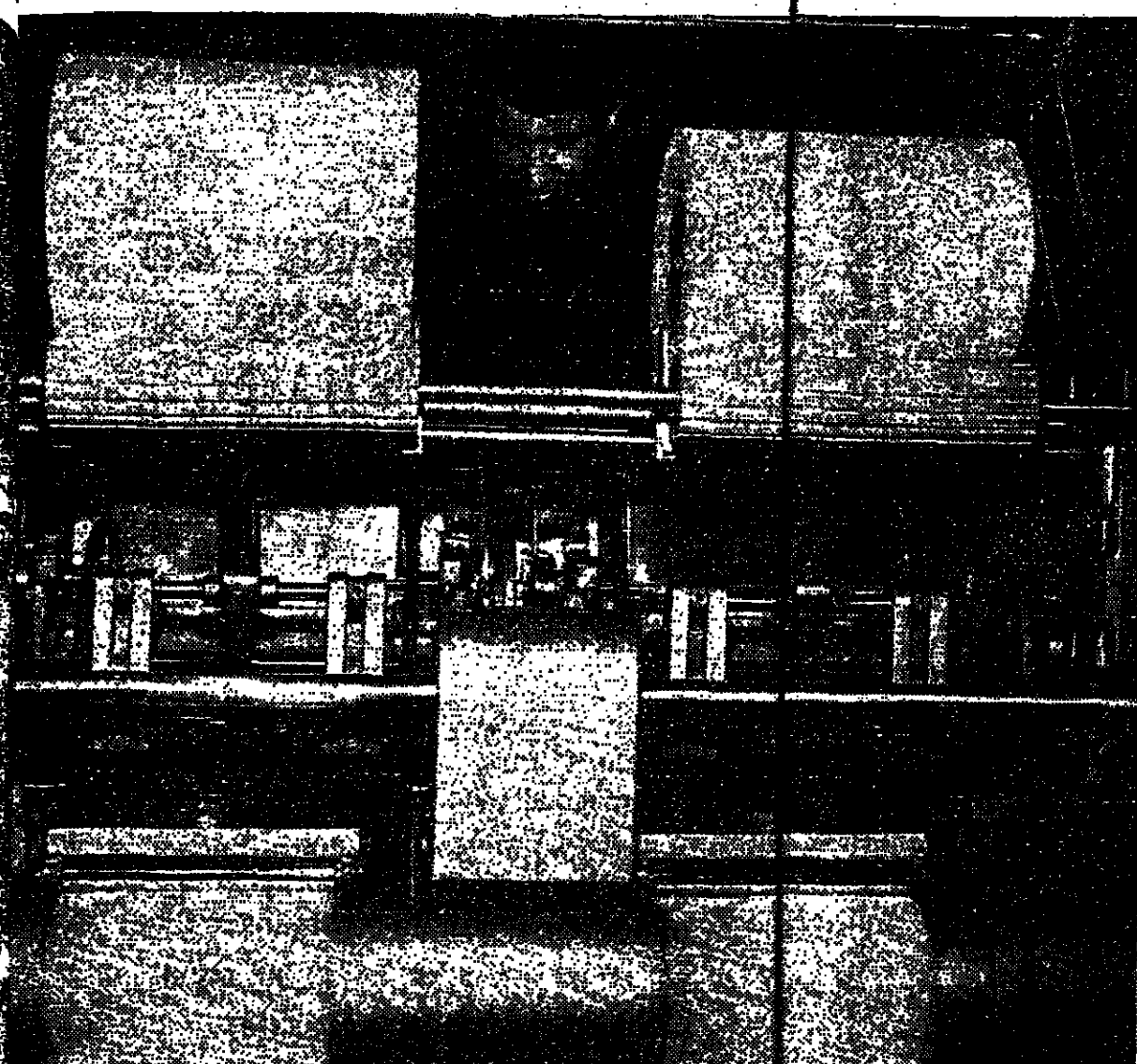
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These are often part of private sector industry but public works and housing come under state control.

Power of the purse dominates state-owned companies

There is still a private sector, concentrated in industries such as textiles, most of which are state-owned. Something like two monopolies control between 60 per cent and 90 per cent of the industrialized

of them, such as the oil company or the steel corporation, are and others are relative. But all of them, small, have had their as rigidly controlled since they came into the, usually in the mid-1960s, either to take over interests in an industry more usually to start on scratch.

Targets which these corporations are expected to usually spent out for in the national plan,

with explicit figures for new factories to be built and output to be achieved. But although the measure by which the companies are judged is production, not profit, the mechanism which is used to keep them under government control is a strict use of the power of the purse.

Just as each corporation has a monopoly in its own industry, so it is allowed to raise finance from only one of the state-owned banks. These state-owned banks are in turn ordered by the Central Bank to keep a close watch on the workings of the corporations to make sure that they are investing in the plant and equipment which has been agreed for them as their share of the national plan, and in nothing else.

The only other possible source of finance for a corporation wanting to break free of government control over its activity would be to finance its investment out of

its profits, building up reserves over the years. To stop this happening, the Finance Ministry has pursued a policy of forcing all the large corporations into debt. Profits have had to be handed over to the Government each year, so that the corporations have no reserves of their own and have to go to their banks for even the smallest investment.

When they make a loss, as can well happen if government policy is forcing an industry to hold its prices down, the Treasury will make them a loan to tide them over, thus further increasing their need to stay in the right side of the government planners.

This policy has been a deliberate attempt to meet one of the most persistent difficulties which face the Algerian economy, its common with that of most newly-developing nations, the shortage of skilled managers who

can be relied upon to make the right decisions on their own. Algeria is lucky in having, at least at the top of its ministries, some able civil servants and ministers who would shine in any administration; but lower down the gap is still present. In the early years, to hope that each national corporation would have its quota of people who could take the right decisions to fulfil their part of the plan was to take too big a risk.

Now that the corporations have had a few years of being exposed to the discipline of control by government through the banks, the springs are to be loosened. In future state corporations are likely to be allowed to retain their profits and to be encouraged to build up their own capital resources.

This is a deliberate attempt to give them more independence, as part of the strategy of encouraging greater initiative. They will still be expected to stay within the limits laid down by the plan, but will have greater freedom of action in how they carry it out on a day to day basis.

At the same time as this experiment is going on, efforts are being made to increase the say of the workers in the running of their companies. Workers' councils have been set up, and legally have full control over the running of the firm. In practice, of course, it does not work out quite like that. Many of the decisions are not taken in the corporation at all, but in the Government. Even those that are taken in the corporation often involve the kind of specialist advice which only management can give.

None the less, the councils are seen by the Government as a useful way of keeping a check on possible waste or corruption by management. They will still be expected to stay within the limits laid down by the plan, but will have greater freedom of action in how they carry it out on a day to day basis. More important, perhaps, they represent part of a potential approach to what could be a long-term problem in the running of Algeria's economy on its present lines. As part of the search for efficiency great efforts are being made to train a new generation of gifted and competent managerial technocrats. The problem is to make sure that when these men (and one day, maybe, women) are found, they do not become an elite no longer prepared to accept the kinds of limits on their power and their living standards which the revolution has tried to set as its policy.

Clear EEC policies needed

By Francis Ghiles

The importance of the Mediterranean in world politics is nothing new: today, however, that importance is enhanced by the major role oil plays in international affairs. The bulk of Europe's requirements are met by Arab oil, from the Middle East and North Africa. This, inevitably, is leading western Europe, in particular the EEC, to regard its foreign, military and economic policies in a new light. The stability and security of the area is arguably of equal importance to the United States.

The June and October wars, last winter's embargo on Arab oil to Holland and Denmark and the quadrupling of the price of crude have made the EEC acutely aware of just how vital its interests in the Mediterranean are. The relations between the EEC countries and Algeria are thus a facet of a complex problem.

The youngest Mediterranean country is pursuing an ambitious and far-ranging policy, which neither of its two neighbours, Tunisia and Morocco, is in a position to emulate. Its voice counts in Opec, in the Arab League, in the OAU and in the United Nations. If that were not sufficient reason for Europe to pay special attention to Algeria, nearly 70 per cent of the country's EEC is conducted with the EEC.

Important trading partners

Despite the crisis in the relations between the two countries in 1971 France remains its former colony's major trading partner, but the day is not far away when Western Germany will have caught up. In 1973 it took just over a fifth of Algerian exports, just below the French share of 24.5 per cent. Italy, The Netherlands, the United States, the United Kingdom and Spain are also important trading partners.

Most Algerian exports consist of raw materials, oil and products derived from oil, and natural gas, of which the country will be the leading world producer in two or three years. What it buys is essentially machinery, electrical goods and steel. From Britain and imports pipelines, gas liquefying plants and other specialized machinery for the oil industry. Increased oil revenues will close the trade gap fast—2,500m dinars in 1973—if that has not already happened.

D.R.

Before the price of oil was increased last winter, Algeria was planning to spend £5.8m during the 1974-77 four-year plan. This figure was later increased to £11.9m. Of this sum 45 per cent will go to industry and agriculture, including irrigation, and major infrastructure projects will take a further 5 per cent.

The increase in the price of oil also means that less money will have to be borrowed abroad to finance this mammoth development. In 1973, Algeria borrowed £650,000m on the Euro-currency market, thus becoming one of the largest debtors raising money in this way. Most leading British banks were involved.

These figures carry a clear message: if the EEC wants to remain Algeria's major trading partner it will have to formulate clearer policies. This does not mean, however, simply extending to Algeria the association status obtained by Morocco and Tunisia in 1969.

Algeria's ties with the EEC are peculiar. It still has the special status granted to it as a French territory by article 277 of the Treaty of Rome. This status has not been changed since 1962 and France still applies to its former possession the treatment granted by article 277 in effect that of a customs union. Algeria's trade with EEC countries is thus regulated in different ways according to each country, from total duty exemption (France) to third country treatment (Italy).

Algeria does not seek the limited associate status that Tunisia and Morocco enjoy. Three problems dominate the country's thinking on this issue: wine, emigrants and technical cooperation. Wine remains the greatest single obstacle to any overall agreement. Algeria wishes to see its wines pay lighter duties on entering Europe, it wishes to be given some sort of guaranteed price and it refuses to allow them to be used to strengthen weaker French and Italian ones.

France and Italy are adamant that they will not accept the lowering of tariffs, although a compromise might be reached on the other issues. They argue that they must protect their own wine growers, who are a vociferous group. Other EEC members do not seem to be in any great hurry. They point out that, despite all these hurdles, Algeria does manage to export 1,500,000 hectolitres of wine to EEC countries every year.

The European Commission is in favour of abolishing tariffs. It will help the

Algerians to reduce their production of *vin ordinaire*, but will give a maximum figure (in value) for the amount of wine that can be imported to the EEC, for five years.

Last December, at their summit in Copenhagen, EEC leaders agreed, not for the first time, that a global approach to relations with Mediterranean countries must be followed. The Community has also accepted that some form of free trade zone will be set up with those countries to compensate them for the tariff preferences granted to the Community.

New freedom to bargain

Among other substantial European interests in these countries are the sea ports of agricultural products, especially Tunisia and Morocco.

But what happens to relations with Algeria is of prime importance. Having freed itself from excessive dependence on France, Algeria is in a better position to bargain. The country's resources, rate of growth, political determination to redress what it sees as the imbalance between rich and poor countries, its influence in Opec, all these are good reasons why a new policy must be thrashed out quickly. What is more, its ruling elite is extremely self-confident and capable.

In another area, also of vital importance to EEC countries, Algeria's voice has been listened to. At the European Security Conference in Helsinki in October 1972, the Algerians sent a delegation to explain the country's views. They were listened to carefully and Algeria was later asked to join the conference in Geneva when it reconvened in 1973 and earlier this year. Algeria contributed to the discussions of the five major sub-committees. In effect, it was speaking for the Third World.

Algeria exerts considerable influence in the world. It is important to know what its policies are. Whether Europe likes it or not, its ways of thinking are a necessary reference point for who ever wishes to understand the aspirations of the Maghreb and the Third World.

The author, of the City Press, is a specialist in Algerian affairs.

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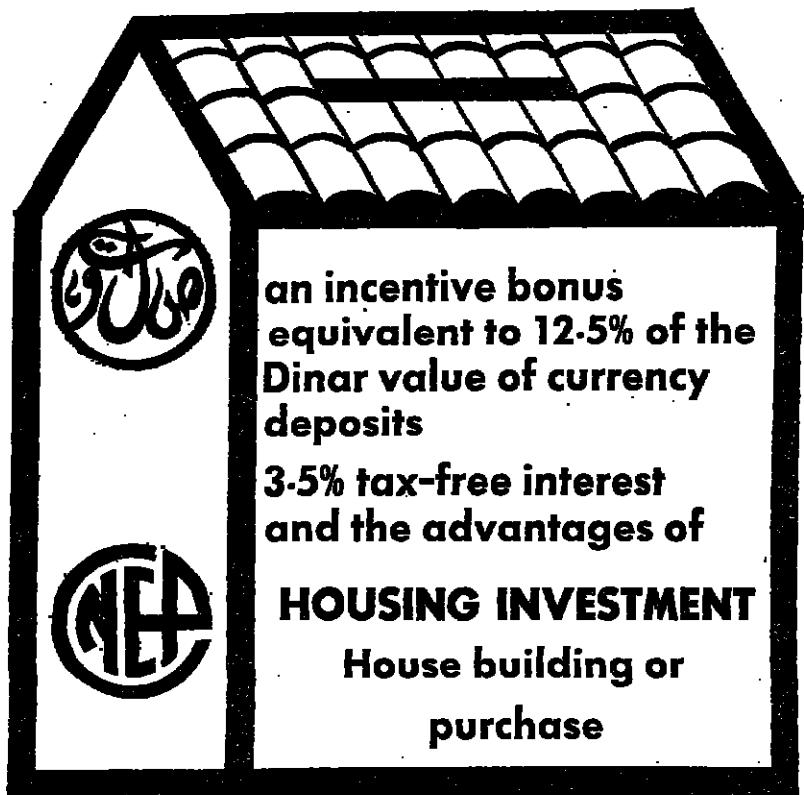
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A combine at work in an Algerian wheatfield. The countryside around Algiers and Oran is among the most fertile in the world.

Monopolies bring industry to an agricultural nation

by David Blake

Although most of its population earns its living off the land, it is with industry that Algeria's future lies. The farming sector, with more than half the population, is responsible for 10 per cent of the country's gross national product; industry (including oil and gas) produces over half, and its share is growing dramatically. Right at the core of all Algerian policy is a determination that by 1980 there shall be the basis of a modern industrial economy in the country.

The need for this is obvious. Under French rule, Algeria was treated as little more than a fruit farm for France. The French colonists grew oranges and lemons and above all made wine whose exposure to constant sun made it ideal for purifying the more vinegary products of France. For the colonists, whose living standards were kept up by preference on the French market and who had access to the industrial products of France, it was a good life. But for the Algerians, most of whom were effectively excluded from the cash economy, living standards were brutally low.

Although some of the countryside around Algiers and Oran is among the most fertile in the world, most of the country is desert and in no condition to provide a rapid rise in living standards.

Even more important, with the population growing at 3.4 per cent a year, there is clearly little scope for finding the jobs which are so desperately needed in a farming sector whose biggest problem is over-employment and inefficiency. So right at the start of their planning exercise, the Algerians were forced to the conclusion that they were faced with a choice between industrialization and continuing and worsening poverty. They chose industrialization.

That they were able to make this choice and hope to carry it through owes much to the possession of oil. It is oil which has financed Algeria's growth, and it is this fact which has reinforced the already strong nationalist and socialist strand in the thinking of the country's planners.

For the massive oil revenues (over 40 per cent of budget receipts in 1973 and a considerably higher proportion this year) have made the state a potential provider of large amounts of capital in a country which has been starved of it. As a result, even if the country's leaders had adopted a very different ideology, they would have been forced to make the state the prime

vehicle of any effort to bring industry to the nation.

In fact they have chosen a system which gives a monopoly of most of industry to the 25 or 30 *sociétés nationales*, one for each industry.

Apart from the oil company, Sonatrach, whose size and history set it apart, the most important of these is the *Société Nationale de Sidérurgie*, which runs the country's rapidly growing steel industry. Its most important plant is the El Hadjar steel works at Annaba, the nucleus of the country's effort to become a major producer.

El Hadjar was initially planned by the French in 1959 as part of the so-called Constantine Plan which was designed to secure Algerian loyalty by raising living standards. But the French plans, which involved a small plant of 200,000 tons, had made almost no progress by the time independence came, and the plant considerably expanded, ended up being built by the Russians for the new state.

El Hadjar has had all the problems which afflict large projects of this kind and many more, so that it has been consistently behind schedule. Now, however, it has reached a capacity of something like 500,000 tons of steel a year and, with the help of British consultants, it is planned to push up output to between 1,500,000 and two million tons by 1977.

The iron ore comes by rail from the Ouensa mines, just inside Algeria's frontier with Tunisia, and the concept of processing Algeria's own natural resources, rather than sending them abroad to be dealt with, has played a key role in shaping the country's investments in the seven years from 1966 when the first two plans were put into effect.

But for the future, SNS has far more ambitious plans. Somewhere on the coast in the west of the country, it hopes to build a giant 10-million ton works, the first stage of which would become operational in about 1982. Just what the country will do with all this steel is a potential problem. Consumption has been rising rapidly, increasing from 300,000 tons in 1969 to one million tons today.

Even optimistic projections suggest that by 1980 Algerian consumption will barely have topped three million, and one school of thought argues that to go ahead with building a massive plant to produce steel risks severe over-capacity, especially in terms of world surpluses which occur frequently.

Against this supporters of the project point out that most estimates made in the

past have grossly underestimated the Algerian ability to absorb supplies of basic materials. Plants which were expected to produce an embarrassing export surplus turn out to be barely sufficient to meet national needs, and in the case of cement there have been supply shortages which have played havoc with the country's construction programme.

Accepting this, however, it seems certain that if the west coast steelworks goes ahead, the country will have to become a significant steel exporter, with the most hopeful markets usually being considered as West Africa and possibly the countries of the communist block.

One of the main themes which has run through the first stage of the country's industrialization programme is the need to be able to produce the primary industrial products which the economy will use in its later stages of development, preferably using local raw materials. The materials, apart from steel, where this has been most noticeable have been fertilizers for farming, using the country's phosphate deposits, and cement for the construction industry. These two efforts have met with rather different success.

At Arzew, the phosphate fertilizer plant produces roughly 500,000 tons a year, which just covers the country's needs. That there is not a substantial surplus, as was predicted when the plant was set up, is due to the farming sector's unexpected heavy demand rather than to production problems.

To meet this demand, the next plan calls for fertilizer production to increase five times during the present plan, with a new phosphate plant and four factories to increase production of ammonium nitrate. Although it is hoped that this increase will result in export capacity, there is no doubt that home demand will come first. Domestic use is expected to double and the Government has adopted a policy of holding down the price in an effort to make fertilizers more readily available to the farming community, which is being encouraged to step up its production as part of the agrarian revolution.

The cement industry has been rather less successful than fertilizers, and its problems have caused big delays in the construction sector. Everything has worked against the Algerians. They underestimated the likely needs for building products, and then found themselves faced with a world cement shortage which had a doubly harmful effect.



A worker in a shoe factory at Sidi-bel-Abbès.

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